

Austria	93.09	Indonesia	94.00	Poland	94.00
Belgium	93.09	Israel	94.00	Philippines	94.00
Canada	93.09	Japan	94.00	Portugal	94.00
Denmark	93.09	Korea	94.00	Spain	94.00
France	93.09	Malaysia	94.00	Sweden	94.00
Germany	93.09	Libya	94.00	Switzerland	94.00
Greece	93.09	Luxembourg	94.00	Taiwan	94.00
Holland	93.09	Morocco	94.00	Thailand	94.00
Ireland	93.09	Norway	94.00	Turkey	94.00
Italy	93.09	South Africa	94.00	USA	94.00

EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

UK BUDGET

Tory hopes hinge on Lamont's speech

Page 14

Newspaper of the Year

Friday March 6 1992

D 8523A

World News Business Summary

## Squabbles in Whitehall foiled Libyan assets freeze

Disagreement between British government departments prevented the freezing of Libyan assets under UK jurisdiction last November.

Worries that the move could damage London's position as an international financial centre prompted Treasury officials to mount successful opposition to Foreign Office support for the action. Page 4

**Germany defends union**  
Germany launched a passionate defence of European economic and monetary union in an attempt to counter a rising tide of domestic criticism of the Maastricht treaty. Page 16

**Kerrey pulls out**  
US senator Bob Kerrey of Nebraska pulled out of the race for the Democratic presidential nomination. Page 6

**More police for S Africa**  
South Africa announced a programme to recruit almost 5,000 police officers and 11,000 "police assistants" to combat a wave of violent crime cited by rightwingers in opposing President F.W. de Klerk's political reforms. ANC rejects plan for cabinet participation. Page 4

**Irish abortion ruling**  
The Irish Supreme Court ruled that abortion was legal under the country's constitution if it was carried out to protect the life of the mother. Page 3

**Plea to ease ivory ban**  
The southern African governments pushing for the world ivory trade ban to be eased said they would drop demands for export permission now if granted more control over their elephant herds. Page 4

**China attacks budget**  
China objected to Hong Kong's budget, saying it violated a stipulation in the Basic Law. Hong Kong's post-1997 constitution - that spending should be kept within the limits of revenue. Page 4

**Cessfire under threat**  
A Moldovan ceasefire was threatened when a lorry driver transporting military men was shot dead in the self-proclaimed Trans Dniester republic, home of the Russian-speaking minority. Page 2

**Airliner in near miss**  
A Swiss fighter jet on manoeuvres missed a collision with a London-bound Swissair airliner by only 20 to 50 metres, the Swiss air force said.

**Gunman kills six**  
A rampaging gunman shot dead six residents of the southern Swiss village of Rivera in a two-hour rampage with a Kalashnikov rifle.

**England win again**  
England outplayed Australia to score their third win in the cricket World Cup. South Africa playing the West Indies for the first time in an official international had a comfortable victory. Score: Australia 171, England 173 for 2, South Africa 200 for 8, West Indies 136. Picture. Page 7

FT No. 31,702  
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## Weekend FT

Tomorrow: Who gets results? We grade 500 UK independent schools and find some surprises

Hard times in St Petersburg

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## Pipeline deal raises C\$600 for Olympia & York

OLYMPIA & York, property developer owned by Toronto's Reichmann family, is set to raise about C\$600m (\$500m) by selling its controlling interest in Interprovincial Pipe Line, which operates the world's longest network of oil pipelines.

An O&Y subsidiary, G.W. Utilities, indicated it was in the final stages of discussions to sell its 63.5 per cent stake in Interprovincial. Page 17

**SCANDINAVIAN Airlines**  
System reported a pre-tax loss of SKr1.2bn (\$198m) for 1991, the second straight year it has suffered a deficit following its loss of SKr760m in 1990. Page 18

**SIR Clive Sinclair**, British inventor, launched an electric bicycle which travels at a top speed of about 30km an hour. The bike was unveiled seven years after the spectacular flop of Sir Clive's electric tricycle. The C5. Page 16

**HEINEKEN**, Dutch brewer, posted a 13 per cent rise in net profit in 1991 in spite of a drop in the volume of beer sales caused in part by the Gulf war. Page 18

**NIGERIA's** military government delayed implementation of a 30 per cent devaluation scheduled to come into effect on Wednesday afternoon, deepening the uncertainty about Nigeria's exchange rate policy. Page 4

**GERMANY:** The gathering gloom in the economy was marginally eased by better than expected monthly figures for unemployment and industrial production. Page 3

**BANK of Israel** warned that 1991 profits at the country's leading commercial banks would be wiped out by politically inspired legislation which took effect yesterday, enforcing extensive write-offs of agricultural debts. Page 4

**FUJITSU**, Japan's largest computer manufacturer, announced plans to sell its highest performance supercomputers in the US, a move the company expects to create a political backlash. Page 7

**MOTOROLA**, US semiconductor and communications group, has signed an agreement with Alps Electric, Japanese electronic components manufacturer, which will bring products based on US-Japanese collaboration in Europe to markets throughout the world this year. Page 7

**ALLIANZ**, Europe's largest insurer, is likely to make operating losses in excess of DM1.5bn (\$87m) on Deutsche Versicherung, its east German operation, before the business begins trading profitably early in 1992. Page 17

**POLYGRAM**, music company 80 per cent owned by Philips of the Netherlands, shrugged off the economic downturn in several of its markets to record a 24.8 per cent increase in net income last year to FI 468m (\$260m). Page 17

**EUROPEAN Commission** has asked the German government to come up with an urgent restructuring plan for the ailing east German shipbuilding industry, as a condition for lifting the EC's ceiling on state aid to the shipyards. Page 3

## Lime Street turns sour for Lloyd's Names

By Andrew Jack in London

MR GEORGE PAKOZDI chuckles about his most recent demand for £300,000 (\$315,000) from Lloyd's of London. "It might as well be £3m," he says. "I went through a period when I couldn't laugh, but you can't cry all the time. They can only shoot me once."

Mr Pakozdi is a Name - one of the individuals whose assets back underwriting at Lloyd's. He is a dentist living in Toronto, far from the futuristic buildings and ancient traditions of the London-based insurance market.

He is one of hundreds of people from diverse backgrounds who were introduced to Lloyd's over the past decade through Lime Street Underwriting Agencies, a company which is

now insolvent and whose creditors meet today to vote on winding it up.

The lessons of Lime Street - named after the address of Lloyd's itself - are not necessarily typical of how Lloyd's worked during the 1980s, but they illustrate how badly things could go wrong.

From its headquarters in a restored house in Houndsditch, on the edge of the City of London, Lime Street recruited about 450 Names with nearly £200m in assets. It acted as a member agency by enrolling them in syndicates - groups of Names that underwrite insurance contracts.

Lime Street Names now constitute a significant proportion of applications to Lloyd's hard-

ship committee, which is considering the cases of individuals without the assets to pay their obligations.

Many were enrolled in syndicates such as Gooda Walker 290 and 387, and Peltrim 540, which are among the syndicates with the largest losses. "Lime Street Names are among the most wounded by events at Lloyd's and feel incompetently advised by Lime Street," said Mr Guy Sutton, a solicitor representing some of them.

The history of Lime Street began in 1976, when Mr Robin Kingsley, a Name and a broker, created two members'

agencies, Lime Street Underwriting Agencies and Kingsley Carriz Underwriting Agencies, with which it later merged.

"Robin wanted more than anything to be a Name," says a member of his family. "Lloyd's was a God, a religion, an obsession to him."

One underwriting agent who always avoided doing business with Mr Kingsley says: "He looked very sleek, with a double-breasted suit and a tan. He drove a Rolls Royce from a very early age. I'm sure he had friends, but I never liked him."

He recalls one occasion when many syndicates were losing

money in the 1980s. Mr Kingsley had earned a profit from his own syndicates. "Robin walked past me, stopped, pulled out a cheque, showed me the amount and gloated."

Mr Kingsley specialised in excess-of-loss (XoL) and London market excess (LME) syndicates, which write reinsurance business - taking on risk from syndicates seeking cover against catastrophic events.

Reinsuring syndicates normally reinsure their own risk with other LME syndicates.

The theory was that any catastrophe which caused big losses on XoL syndicates that would push premiums up substantially, allowing syndicates to enjoy extremely profitable later years. Mr Kingsley was a

pioneer of personal stop-loss insurance, in effect, reinsurance for individual Names.

Mr Kingsley ran a substantial recruitment campaign to attract Names to his business. Like his father, he was a keen tennis player and a member of the All England Lawn Tennis Club at Wimbledon, and persuaded players including Mark Cox and Buster Mottram to join his business.

But he also found people whose financial position was more precarious. One London antiques dealer who had known him as a regular customer for more than 15 years says that when he bought his house - his only significant asset - and while he was still

Continued on Page 16

## Campaign for US presidency intensifies Democrat Kerrey quits race for the White House

By George Graham in Washington

THE field of contenders for the Democratic nomination for the US presidency narrowed when Senator Bob Kerrey of Nebraska said yesterday he was ending his campaign.

Mr Kerrey had been widely expected to become a popular candidate when he announced last September that he would stand. But he has won only a single state primary, and has failed to raise enough money to continue campaigning.

"We had plenty of enthusiasm. Unfortunately we didn't have plenty of money," he said.

His withdrawal raises the prospect of the Democratic campaign being a duel between former Senator Paul Tsongas of Massachusetts and Governor Bill Clinton of Arkansas.

The campaign of Senator Tom Harkin of Iowa appears to be in danger. Also short of money, Mr Harkin has yet to win a primary, but hopes to keep his presidential bid alive at least until the Illinois and Michigan primaries on March 17, where his trade union support could help him.

In the Republican race, President George Bush yesterday flew to campaign in South Carolina against his enthusiastic challenger, Mr Pat Buchanan for tomorrow's vote.

He sharply attacked Mr Buchanan, who has embarrassed him by repeatedly winning between 30 per cent and 40 per cent of the votes in Republican primaries.

"Anyone can demagogue but the president must make decisions. Sometimes you have to make the tough call. The presidency is not a popularity contest," he said.

Mr Kerrey yesterday apologised for recent attacks on the two Democratic frontrunners.

"I have exercised political hyperbole on occasion and called them unelectable, but with each passing day it is clear to me that the only unelectable politician running for president of the US is George Bush," he said.

Mr Kerrey has in recent weeks bitterly attacked Mr Clinton for escaping the Vietnam war draft, saying Mr Bush would use this issue to "open him up like a soft peanut" in the presidential election.

Yesterday, however, he said that, if Mr Clinton won the Democratic nomination, he would "campaign feverishly to make certain he wins the election in November".

Enthusiastically supported by many of his colleagues in Congress, Mr Kerrey brought

to the race a gallant war record, a touch of film star glamour, a reputation for standing up for his principles and a bling tongue. His principal policy plank - a proposal for a national health insurance scheme - appeared to be high among voters' preoccupations.

But Mr Kerrey has seemed unable to move beyond health care and his war record to articulate a vision of why he wanted to become the country's next president.

His only victory came in South Dakota, next to his native Nebraska. In the seven states which held primaries or caucuses on Tuesday, his best showing was in Colorado, where he won 12 per cent of the vote - still leaving him in fourth place.

Nor were his prospects any better for next week's Super Tuesday contest, the 11 states which vote then seem likely to be split between Mr Tsongas and Mr Clinton.

Mr Clinton is expected to dominate Super Tuesday because of his greater appeal in the seven southern states voting that day, but Mr Tsongas should win Rhode Island and his home state, Massachusetts.

Battle over budget, Page 6



Bowing out: Bob Kerrey announces on Capitol Hill that he is dropping out of the Democratic presidential race

## BIS chief warns of financial crisis

By Peter Marsh, Economics Staff, in London

A WARNING that the world might be running the risk of financial crisis came last night from Mr Alexandre Lamfalussy, general manager of the Bank for International Settlements, the central bankers' bank.

Speaking at the City University in London, Mr Lamfalussy said a crisis could be triggered by the pace of financial deregulation over the past few years, unstable asset prices and a lack of transparency in financial systems.

Mr Lamfalussy, a highly respected figure in the international financial community and a long-time advocate of prudence in monetary and fiscal policy, said the changes in the financial world in recent years had created "fertile ground for full-blown crises".

The removal of regulatory barriers which had provided new sources of finance for many individuals and organisations had brought "numerous benefits" from the vantage point of users of financial services.

But the downside was the "systemic risk" that such a process involved, he said.

In a world in which huge amounts of money could be shifted between organisations in seconds, "you have prime ingredients for an environment in which financial asset prices become more unstable, adding to the dangers of increased fragility".

## Computer users wait for Michelangelo to strike

By Louise Kehoe in San Francisco and Alan Cane in London

FOR millions of personal computer users around the world, turning on the familiar "clock" inside a personal computer could be a moment of truth. Today, the widely feared Michelangelo computer virus is set to strike, wiping out data files on infected computers.

The level of concern over Michelangelo, however, varies from country to country and seems to be proportional to the amount of interest the media is taking in its destructive potential.

Michelangelo fever is widespread in the US and Germany, where the risks to personal computer users have been broadcast widely. In the UK on the other hand, concern is muted.

Those who have yet to take precautions against Michelangelo face the choice of risking the destruction of files stored on their computer hard discs, or giving up for 24 hours what has become for many an essential business tool. Only when the computer is turned on can

the virus be activated. Michelangelo is triggered by the "clock" inside a personal computer.

It is set to attack today, on the anniversary of the Italian Renaissance artist's birth. In the US, many companies, universities and government agencies have taken the precaution of ordering employees to protect their computer data by scanning IBM-compatible personal computers with special programs designed to detect and eradicate the virus.

Computer stores have been overwhelmed by demand for these "disinfectant" programs over the past few days. How widespread the virus infection may be is a matter of conjecture.

Some experts suggest that tens of thousands of computers may be infected, while others say the problem has been blown out of proportion by those who stand to profit from the virus scare.

Some US computer hardware and software manufacturers

have admitted to inadvertently spreading the Michelangelo virus in their products.

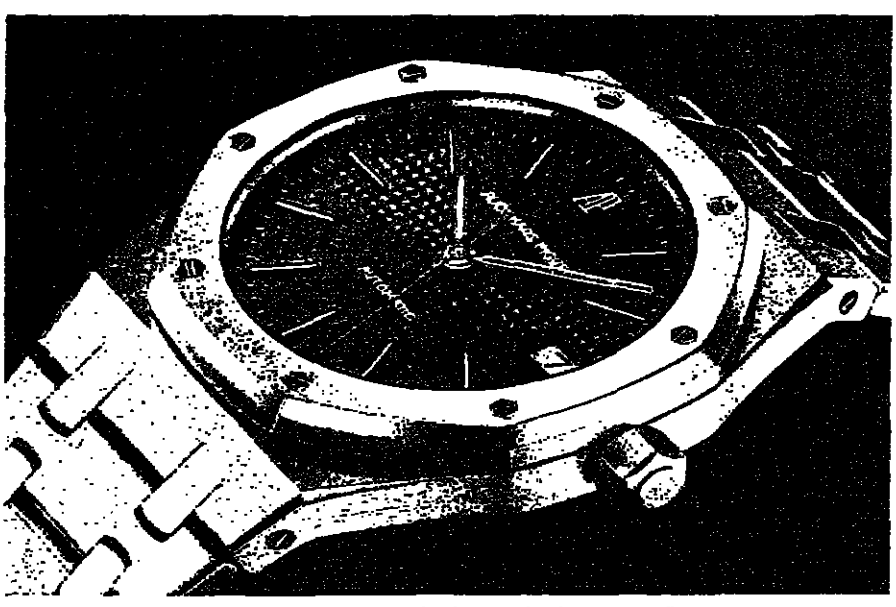
Leading Edge Products, a US personal computer manufacturer, accidentally shipped 500 computers infected with the virus. DaVinci Systems, a software company, sent out about 900 demonstration disks for its electronic mail system also infected by Michelangelo.

In the latest confirmed case, Intel, the leading microprocessor manufacturer, warned customers in the US and Europe that some networking software it has sold recently may have been infected.

Although the source of this computer scourge remains a mystery, it is the latest in an epidemic of rogue computer programs created by computer hackers that are spreading from one computer to another, primarily via shared "floppy discs".

Those personal computer users who avoid Michelangelo still face another virus scare next Friday, the 13th.

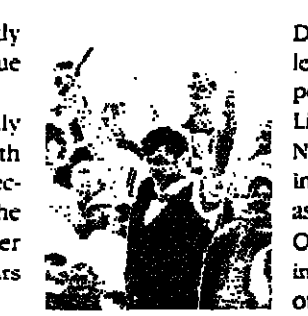
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AND PROBABLY THE NEXT.



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The Royal Oak is instantly recognized by its unique octagonal shape.

A classic design, totally original in concept, with that extraordinary perfection of finish which is the hallmark of the master watchmakers, Audemars Piguet.



Nick Faldo, twice winner of the Masters and the Open Golf Championships

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## EUROPEAN NEWS

# Kravchuk ends delay on move to free market

By Chrystia Freeland in Kiev

MR Leonid Kravchuk, the Ukrainian president, took his first decisive step towards the market after three months of hesitation yesterday, naming a reformer, Mr Volodymyr Lanyovyi, as minister for the economy with a brief to prepare a programme of radical change.

Government officials hinted that Mr Lanyovyi's powers might be enhanced by also making him deputy prime minister and creating a special presidential economic reform team under his direction.

Mr Lanyovyi, who as minister for privatisation offered an ambitious privatisation package which was finally approved by parliament earlier this week, has the credentials and the ambition to become a Ukrainian version of Poland's Mr Leszek Balcerowicz, spearheading radical reforms.

However, he could be hobbled by a lack of real authority and opposition within what remains a largely conservative cabinet.

Hardliners have also been promoted in Ukraine's slow motion cabinet shuffle and yesterday a reformer, Mr Oleksandr Savchenko, lost his job as deputy governor of the Ukrainian National Bank in a struggle with its conservative head.

The balance of power lies with Mr Kravchuk, whom parliament granted expanded executive authority yesterday.

Mr Kravchuk said that in the past year GDP has fallen by 21 per cent, the government deficit has climbed to Rbs60bn and the rouble overhang - money in savings accounts which consumers are unable to spend - has risen to Rbs130bn.

# The Sicilian village that defied the Mafia



THE carnival in Capo d'Orlando, a prosperous resort below the mountains of the rugged north-eastern coast of Sicily, has been a special occasion this year. The townspeople have been celebrating a great victory over the local Mafia. Capo d'Orlando is the first community in Sicily to organise a common front against Mafia extortion and denounce those seeking protection money. And after a historic trial last November, 15 mafiosi are behind bars.

"We refused to be intimidated," says Mr Francesco Chirieleison, who runs a large jewellery shop off the main square. He was one of 27 businessmen who united to denounce the Mafia in December 1990. "If you pay up, you are finished; and we have shown what happens when you are unafraid to break 'omertà' (the traditional Sicilian law of silence). The state has responded because there was no omertà."

Although Italy is caught up in a campaign for general elec-

Robert Graham reports on a community's common front against extortion

tions on April 5, in Capo d'Orlando the fight against the Mafia dominates all issues. "The fight is far from over," says Mr Nino Messina, the long-serving Christian Democrat mayor.

Two carabinieri in bullet-proof jackets control cars entering the town. Mr Tano Grassi, a leading member of the Capo d'Orlando anti-Mafia association, is standing as a candidate for the Party of the Democratic Left (PDS), formed from the former Communist party which has always campaigned bravely against the Mafia. He has a full time police protection.

Along the coast at Santa Agata di Militello, 20kms away, two shops were fire-bombed last week in separate incidents in an attempt to intimidate traders who have taken heart from Capo d'Orlando and formed an anti-Mafia front leading to the arrest of four racketeers. At Tortorici, a small town in the mountains behind Capo d'Orlando where traders have taken a similar

stance, the Mafia reacted by burning down a new police station.

Mr Chirieleison says the anti-Mafia association does not recognise political parties. "If you get the political parties involved, they will want your vote and it will only be manipulated," he says. "The politicians have helped create the Mafia because they've allowed the state to be weak and the Mafia thrives where the state is absent."

The politicians however have rushed to recognise Capo d'Orlando. The town has received more politicians and officials in the past three months than in the entire post-war period.

In the wake of the assassination last September of Mr Lib-Grassi, Palermo's mayor, a man who publicly refused to pay Mafia protection money, this community has been lionised as a symbol of resistance to the ever growing power of organised crime.

But the police in particular recognise that stopping extor-

tion in Capo d'Orlando is a modest step. Throughout the island the law of silence prevails. There are no witnesses to Mafia killings. In the big cities like Catania and Palermo nine out of ten businesses pay protection money while the 180-odd Mafia clans are reckoned to control at least 60 per cent of all public contracts.

"We need more jobs, especially in the interior, to create a new culture of honest work," says Mr Messina. The mafiosi who began trying to impose their law on Capo d'Orlando three years ago come from the impoverished isolated mountain communities. Here the only investment is from immigrants returning with their savings from northern Italy to build holiday or retirement homes.

"The elections won't change things much. Besides we've had so many of them and I can't see the vote pattern altering much," adds Mr Messina. Eastern Sicily consistently records one of the highest Christian Democrat votes

throughout Italy, and Sicily is solidly behind the party. In the last general elections of 1987, Capo d'Orlando recorded a 44 per cent vote for the Christian Democrats, 10 percentage points above the national average.

The Christian Democrats get the vote because voters see them as the party of power and hope they might call in some favour, and traditionally the Church has been behind them - even if this is the party which has been most compliant towards the Mafia," says a PDS activist.

The PDS has no illusions about faring badly in Sicily. It reckons it has lost votes as a result of the collapse of the Communist party; but also its support has been eroded by the appearance of a protest party, La Rete, headed by Mr Leoluca Orlando, the former Christian Democrat mayor of Palermo.

To the caustic comments of many a Sicilian, Mr Umberto Bossi, the leader of the north Italian populist movement, the Lombard League, has decided



to flex his political muscles by declaring himself a candidate for Catania on an anti-Mafia ticket. Significantly the anti-Mafia platform has been implicitly taken on board by the Christian Democrats in their poster campaign in Sicily with the slogan "The right to exist".

But the propaganda campaign is limited to the big cities in seeming recognition that Sicilian voters are either indifferent or committed and the money is best spent elsewhere in Italy.



A family weep in Agdam, Azerbaijan, yesterday, embracing the coffin of one of the victims killed in Nagorno-Karabakh. More than 200 bodies have been recovered from the massacre.

The armed conflict yesterday prompted Azeri parliamentarians to demand the res-

ignation of their president, as they sought an outlet for their anger at recent battlefield setbacks, Reuter reports from Baku.

Outside the parliament, thousands of demonstrators pushed through police cordons to bang on the building's windows. They accused President Ayaz Mutalibov of

doing nothing to help Azeri fighters in their campaign against Armenia.

"Resign, resign," chanted the crowd. One window pane was smashed. Many demonstrators lost relatives when Armenian forces seized a village in the disputed territory of Nagorno-Karabakh.

# Shooting threatens Moldova peace

By John Lloyd in Moscow

A CEASEFIRE in Moldova was threatened yesterday when a truck driver transporting militiamen was shot dead by machinegun fire in the self-proclaimed Trans Dniestr republic, home of the Russian-speaking minority.

The shooting came shortly after the ceasefire came into effect between the Moldovan authorities, dominated by ethnic Romanians, and the minority based in the republic on the east bank of the river Dniestr. At least nine people have been killed in clashes over the past week.

As in the more severe conflict in Nagorno-Karabakh, the underlying tensions are growing and neither side believes it is losing. In other respects, however, the conflicts are quite different and illustrate the complexity of conflict with which the former Soviet Union is now faced.

The Trans Dniestr conflict stems directly from the breakup of the Soviet Union

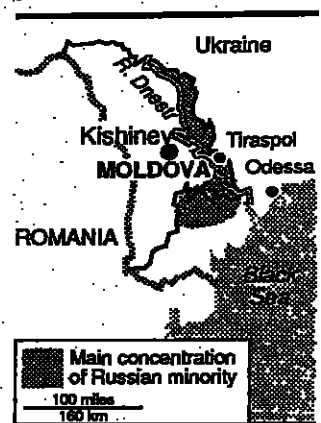
while Nagorno-Karabakh has been a source of tension between Azeris and Armenians for centuries.

Moldova (formerly Moldavia) was finally taken under full Soviet control in 1944.

The Soviet leadership sought to stifle any attempts to preserve its former links with Romania - calling Moldovan a separate language from Romanian, and constructing a separate history for the Moldovan people.

Industry was largely situated on the left bank of the Dniestr, in the aliver of the republic next to Ukraine, and largely staffed by Russians and Ukrainians. Ukrainians and Russians together represent some 27 per cent of the population, with Moldovans accounting for 64 per cent.

The little republic (4.5m people) was slow to respond to the stirrings of reform. When it did, in 1989, a language movement quickly put the headline Communist Party on the defen-



reacting to laws establishing Moldovan as the official language and to calls for renewed union with Romania with strikes and demonstrations, and, finally last year, proclaiming Trans Dniestr independent under a Russian president, Mr Igor Smirnov.

During the August coup last year, the Moldovan government stoutly rejected it and the Trans Dniestr authorities welcomed it, siding with the Soviet army in its brief efforts to impose military rule.

Thereafter, the two sides have gathered military forces. The Trans Dniestr side has been augmented by Cossacks from nearby areas returning to their traditional role as defenders of Russia's borders. The daily Ivestia reported yesterday that the Cossacks appear to have appointed themselves mercenaries for the Russians (they are paid from Rbs2,000 to Rbs5,000 a week by the Trans Dniestr authorities).

Union Bank of Switzerland

## Exchange of Participation Certificates for Bearer Shares

The Board of Directors of our Bank has resolved to eliminate the Bank's entire participation certificate capital with effect from February 28, 1992, by exchanging outstanding participation certificates for bearer shares. The bearer shares required for the exchange of the participation certificates were created on the occasion of the Ordinary General Meeting of Shareholders on April 25, 1990.

Holders of participation certificates are therefore requested to exchange their participation certificates at SFr. 20 par for bearer shares at SFr. 500 par at our Head Office in Zurich or any of our branch offices during the period from

March 9 to 30, 1992

at the following terms:

1. Upon submitting 25 participation certificates at SFr. 20 par with Coupons No. 6 ff. and the Application for Exchange, one bearer share at SFr. 500 par with Coupons No. 6 ff., entitled to dividend for the 1991 business year, can be acquired.

If the participation certificates are deposited with a bank, it will be sufficient to merely complete and sign the Application for Exchange and submit it to the bank in question.

Any fractions must be purchased or sold at the prevailing market price.

2. The dividend for the 1991 business year will be paid on April 28, 1992. In the case of participation certificates still outstanding on that date, the dividend may only be claimed if the securities in question, together with Coupons No. 6 ff., have either been exchanged for bearer shares or sold to our Bank. No dividend will be paid upon the mere presentation of Coupons No. 6 ex participation certificates.

3. Participation certificates will be exchanged and the bearer shares subsequently delivered at no cost to holders of participation certificates.

4. The bearer shares are listed on the stock exchanges of Zurich, Basle, Geneva, Frankfurt and Tokyo. Conversely, the participation certificates will cease to be listed on the stock exchanges of Zurich and Frankfurt effective March 27 1992 (last day of trading).

Applications for Exchange can be obtained at any of our branch offices.

Zurich, March 6, 1992

Union Bank of Switzerland

On behalf of the Board  
The Chairman: Dr. N. Senn

Security Numbers:  
Participation certificates 136.003  
Bearer shares 136.001



## GOVERNMENT OF PAKISTAN MINISTRY OF FINANCE & ECONOMIC AFFAIRS (REVENUE DIVISION)



### TENDER NOTICE

The Government of Pakistan is considering to engage the services of an international private firm of repute for carrying out pre-shipment inspection of goods, for the determination of correct dutiable value of the goods, determination of the appropriate H.S. Code of the goods etc.

2. To prequalify, the firm should meet the following conditions:-

- (1) It is a long established agency and that it has inspection capability for the entire range of imports to Pakistan from various countries.
- (2) It is independent and not member of any trading or manufacturing group.
- (3) It can perform pre-shipment inspection service through companies owned by it and has sufficient permanent and qualified staff of its own to inspect, value classify and produce reports for the great majority of countries exporting to Pakistan.
- (4) It has its own laboratories to conduct effective analysis where required and that it has, in its own operations, all computer capability to create and operate electronic data transfer to its office in Pakistan, for a rapid and effective service.
- (5) It has a long and successful experience in carrying out pre-shipment inspection services for other governments, as a sole agency, for countries with comparable or larger volumes of imports than Pakistan.
- (6) It has a proven record, through its service, of plugging revenue leakages and substantially increasing revenue.
- (7) It has adequate security procedures to support its services.
- (8) It has the necessary skills and experience to effect transfer of technology.
- (9) It is recognised as a pre-shipment inspection agency by the International Federation of Inspection Agencies.

3. Offers should be made in two sealed covers addressed to Secretary, Revenue Division, Government of Pakistan, Central Board of Revenue, CDA Block No.3, Islamabad (Pakistan) which may reach his office by 20th March, 1992. The first cover should provide adequate details and evidence on the requirements of pre-qualification and the proposals to carry out the assignment in accordance with the terms of reference specified below.

4. The second sealed envelope should contain the details of compensation demanded and draft contract for negotiations. The second envelope will be opened after pre-qualification assessment has been made by the competent authority in the Government of Pakistan.

5. The Government of Pakistan reserves the right to reject any offer without specifying any reason.

#### TERMS OF REFERENCE

The objectives of the service considered are to introduce appropriate systems and procedures in order to:-

- (a) carry out pre-shipment examination of goods, when required with laboratory tests and analysis, to establish that quality and quantity of goods imported into Pakistan are in accordance with contractual description;
- (b) determine the correct dutiable value of the goods, in respect of which pre-shipment examination has been carried out, on the basis of reliable evidence;
- (c) disclose the commission, if any, paid to any intermediary, along with other particulars where required;
- (d) supply authentic data on a concurrent basis for updating Valuation Manual for so long as it is necessary to maintain this manual;
- (e) determine the appropriate HS code of the goods, in respect of which pre-shipment examination has been carried out, and the chargeable rate of import duties and taxes;
- (f) determine the eligibility of the goods, in respect of which pre-shipment examination has been carried out, in terms of import regulations and relevant notifications;
- (g) introduce an advanced and transparent procedure based on its proven experience, which will increase customs revenue collection substantially as well as simplify import procedures;
- (h) propose a programme which will ensure a transfer of technology within a specified time period;
- (i) provide detailed statistics and management information to Customs and other Government departments as appropriate;
- (j) assist the Customs in investigating cases of malpractices in imports; and
- (k) provide training to Customs offices in valuation and enforcement techniques.



## EUROPEAN NEWS

# Brittan attacks critics of EC line on mergers

By Andrew Hill in Brussels

SIR LEON Brittan, the EC's competition commissioner, yesterday launched a strong counter-attack against his critics on two fronts - rejecting calls for an independent European merger authority, and warning against the creation of monopolistic "Euro-champions" through mergers.

In a speech to a mainly German audience at a competition symposium in Innsbruck, Austria, Sir Leon said that to wave through anti-competitive mergers would be to subject European industry to "a cruel deception".

It was better to follow the Japanese example and encourage fierce competition on the domestic market, he added.

Sir Leon's speech was partly aimed at his colleague Mr Martin Bangemann, EC industry commissioner, who is from Germany, and at Mr Wolfgang Kerber, head of the German cartel office, who represent the two sides of the debate on competition and industrial policy.

Mr Bangemann - who hit out last month at the influence of competition "syndicates" on EC policy - believes that Sir Leon should sometimes take a more lenient and less legalistic attitude to borderline merger cases.

Mr Kerber, for his part, has attacked the Commission for not being rigorous enough.

In a passage obviously aimed

at Mr Bangemann, who is also responsible for the single market, Sir Leon said that the Commission's 17-month-old merger control task force would continue to examine takeovers according to the existing market situation. "You cannot just assume, because we would wish it that way, that the whole of the European Community is the true market for a product," he added.

Mr Bangemann has repeatedly criticised Sir Leon for recommending rejection of the proposed Franco-Italian takeover of De Havilland, the Canadian aircraft manufacturer, last October.

To the dismay of the Italian and French governments, the Commission voted to block the takeover, although Mr Bangemann opposed the decision.

The controversy over the De Havilland case also revived calls for a merger control authority which would be independent of the Commission, in the same way that the German cartel office is independent of the Bonn government.

But Sir Leon said yesterday that the decisions of an independent EC authority would still have to be approved by commissioners or ministers, who would then have "an open invitation" to exercise their political power.

# Germany's economic gloom eases slightly

By Quentin Peel in Bonn

THE GATHERING gloom in the German economy was marginally eased yesterday by better-than-expected monthly figures for both unemployment and industrial production.

But the likelihood of further industrial unrest grew when the government, in negotiations with public sector trade unions, offered a pay rise of only 3.5 per cent, against a demand by workers for 9.5 per cent. The two unions in the banking industry are seeking to extend the strike action they have begun, although the banks insist that the action has barely affected activity.

After a very sharp increase in eastern unemployment in January, from 11.8 to 16.6 per cent, there was a drop of 53,000 in February. That brought the unemployment rate down to 15.9 per cent. In the west, there was a drop of 11,640, bringing the rate down from 6.2 to 6.1 per cent, or 1.86m out of work.

Industrial production in west Germany picked up by 6 per cent in January as against December. However, in comparison with the previous year, the two-month average was still 1.2 per cent down.



Serbs at one of many checkpoints near the Bosnian capital, Sarajevo. The action has raised tension before the arrival of UN troops

# UN pledge on sending troops to Bosnia

By Laura Silber in Sarajevo

THE plan to despatch 14,000 United Nations peacekeeping troops to Croatia will proceed despite growing ethnic turmoil in neighbouring Bosnia-Herzegovina, Mr Cyrus Vance, the UN special envoy said yesterday.

Speaking in Sarajevo, the capital of Bosnia, Mr Vance appealed to the leaders of the three main national groups - Muslims, Serbs and Croats - for restraint to avert open conflict in the central republic.

Muslim and Serb militants earlier this

week put up roadblocks in and around Sarajevo, designated as the UN headquarters. This raised fears of an eruption of violence which might jeopardise the deployment of the peacekeepers.

The commander and senior aides of the UN force arrive in Yugoslavia this week to prepare for the despatch of the troops, from 31 countries, over the next month.

City officials believe that the 700 troops to be stationed in the Bosnian capital will

encourage stability in the republic. The peacekeeping operation is due to last at least a year.

● The European Commission said yesterday it would provide 1,500 tonnes of wheat flour to displaced people in Bosnia, Reuter reports from Brussels.

It said it would transport 200 tonnes of flour a day to the Yugoslav republic, with distribution managed by the UN High Commissioner for Refugees and the local Red Cross.

# Irish ruling on abortion cites risk to mother's life

By Tim Coone in Dublin

THE Irish Supreme Court yesterday ruled that abortion is legal under the country's constitution, if it is carried out to protect the life of the mother.

The ruling follows the Supreme Court's overturning last week of a High Court injunction which prevented a 14-year-old rape victim from travelling to Britain for an abortion.

It is likely to have far-reaching effects on Ireland's hitherto strict anti-abortion legislation. A 1983 "right-to-life" constitutional amendment formed the basis of the High Court judgment.

The High Court took the view that under the amendment the unborn child's right to life prevailed over a perceived threat to the girl's life after she had threatened suicide.

However, Judge CJ Finlay, the Supreme Court chief justice, ruled: "I am satisfied that there is a real and substantial risk to the life of the mother by self destruction which can only be avoided by termination of her pregnancy". Only one of the five Supreme Court judges dissented.

# Brussels demand on Baltic shipyard aid

By Andrew Hill in Brussels

THE EUROPEAN Commission has asked the German government to come up with an urgent restructuring plan for the ailing east German shipbuilding industry, as a condition for lifting the EC's ceiling on state aid to the shipyards.

Government grants to Community shipbuilders are covered by special legislation that outlaws production aid worth more than 9 per cent of contract value.

An independent consultants' report for the Commission has warned that even if they are granted aid at last year's EC maximum of 12 per cent, the yards of Mecklenburg-Vorpommern on the Baltic coast will not survive. Officials would not reveal what proportion of aid the consultants had recommended, except to say that 13 per cent was "far from sufficient".

The east German yards have been beset by strikes for the

last week, even though the Treuband privatisation agency has come up with a plan which would keep the core of the industry intact, as demanded by the workers.

As the crisis in the Baltic shipyards grows, Sir Leon Brittan, the EC's competition commissioner, has written to Bonn warning the German authorities that any attempt to grant aid to the east German shipbuilding industry will require EC permission.

But the Commission is prepared to recommend a temporary raising of the ceiling for the shipyards, probably until the end of 1993, provided Bonn produces a "realistic restructuring plan designed to ensure that these yards achieve the same level of competitiveness as the rest of the Community within an agreed period of time". The final decision on raising the ceiling will lie with EC governments.

# Moves to bridge divide between the east and west

By Robert Mautner in Copenhagen

FOREIGN MINISTERS from all 10 independent states bordering the Baltic Sea agreed here yesterday to revive historic trading and cultural links between them and to create a community with its own specific identity, but closely linked with existing European organisations.

In his opening statement, Mr Uffe Ellemann-Jensen, the Danish foreign minister, said he expected that, 10 years from now, all the countries in the Baltic region would be either members of the European Community, or closely linked to it. "It means that it will be possible to speak of a Baltic Community as a region within the European Community," he said.

"Co-operation in the Baltic region should facilitate the

linkage of the European Community with the non-member countries of the region."

The fundamental aim of the German-Danish initiative, which has brought together Germany, Russia, Poland, all the Scandinavian states and the three newly-independent Baltic republics of Lithuania, Latvia and Estonia, is to bridge the divide between western and eastern Europe and to tie the former communist states of the region firmly into the western democratic and free market system.

The conference, which will end today, yesterday decided to establish a Council of the Baltic Sea States, which will serve as a regional forum for intensified co-operation and co-ordination of policies in the region, ranging from trade to the environment, energy, transport, communications, education, culture and humanitarian aid. A priority of the new council, which will meet at foreign minister level once a year, supplemented by more frequent meetings of officials, will be to give technological aid to the former communist states in the region and to help them set up democratic institutions.

Mr Ellemann-Jensen said he saw the Baltic Sea region as one of the most important zones of growth in Europe in the coming decade. It contained a diverse industrial structure, access to raw materials and a highly educated workforce.

Everything possible should be done to realise the growth potential of the region.

Mr Hans-Dietrich Genscher, the German foreign minister, stressed that the new Council's main task was to facilitate the eastern countries' transformation into democratic and free market societies, with a view to their closer association with the EC and the European economic area.



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## WORLD TRADE NEWS

## Kohl aide sees compromise on Gatt deal

By Quentin Peel in Bonn

**OPPORTUNITIES** for a compromise still exist within the deadlocked trade liberalisation negotiations on the General Agreement on Tariffs and Trade (Gatt), a close political adviser to Germany's Chancellor Helmut Kohl said yesterday.

Mr Volker Rühe, the secretary-general of Mr Kohl's Christian Democratic Union (CDU), said the deal must be based on agreement between the European Community to limit its agricultural exports. At the same time the US must agree not to move in on European markets with substitute products.

Speaking on his return from a high-level trip to Washington, during which he had talks with a range of senior US administration officials, Mr Rühe said that it was vital for Kohl that an agreement should be reached in April. "If we don't, there is the danger of a strong resurgence of protectionism in the US," he said.

"That would hurt us all." The significance of his trip is that it comes just two weeks before Mr Kohl is himself due in Washington for talks with President George Bush, just one month before the April 15 deadline set for the Gatt negotiations.



Mr Rühe suggested that Germany's position, as the largest trading nation in the EC, and a net agricultural importer, was actually closest to that of the US, followed closely by the UK. He admitted that France, as a major agricultural exporter, faced a very difficult challenge in the Gatt round.

"France is obviously in a very difficult situation," he said. "Many people would like to push France into the limelight. That does not help. We must come to a common position. It would not help us in Germany to go it alone." His insistence that the US must agree not to boost its own agricultural exports to fill the gap left by EC voluntary reductions is clearly intended as an effort to lower the French resistance.

See Editorial Comment

## Argentina wins praise from Gatt

**ARGENTINA'S** rapid and far-reaching economic reform programme won praise yesterday from trading partners and from Gatt, reports Frances Williams from Geneva.

A report by Gatt economists on Argentina's trade policies says the reforms have transformed the country in a few years "from one of the most closed economies in the world to one of the more open", with gratifying results in low inflation, economic growth, return of flight capital and rising exports.

At yesterday's debate on the report by Gatt's governing council, Argentina was described as "a model" for rich and poor countries alike.

The Gatt report says Argentina has virtually eliminated quantitative import restrictions, which in 1986 covered half domestic production. Average tariffs have dropped from 40 per cent to 12 per cent over the same period, export taxes have fallen substantially and the government's policies of deregulation and privatisation have increased competition and opened up major opportunities for foreign direct investment.

High protection in the car and electronics sectors remains a concern but car import restrictions are due to begin being phased out in 1994.

## Motorola in collaborative deal with Japan

By Michio Nakamoto in London

**MOTOROLA** of the US and Alps Electric of Japan have reached an agreement seen as a possible forerunner to other collaborative deals between Japanese and western companies.

The arrangement means that products based on the two companies' joint semiconductor research in Europe can be brought to world markets this year.

Alps, an electronic components manufacturer, is the world's largest independent maker of tuner modules used in television sets and video cassette recorders (VCRs).

The US semiconductor and communications group will supply Alps with an integrated circuit (IC) that the two companies designed and developed at their research facilities in Switzerland and the UK.

The IC, which significantly reduces the size of the tuner module, is already being manufactured at Motorola's semiconductor plant in Toulouse, France.

It will be used in Alps's next generation tuner modules to be manufactured at the Japanese group's plant in the UK and Japan and supplied to television and VCR manufacturers worldwide.

For Motorola, the deal, worth in excess of \$25m over the next five years, represents a significant step forward in achieving a self-imposed target to buy 20 per cent of its domestic semiconductor requirements from overseas manufacturers, says Mr Kyoshi Watano, managing director of Alps UK.

Japan's Ministry of International Trade and Industry (MITI), under pressure from the US, has asked leading corporations to buy 20 per cent of their semiconductor consumption from foreign manufacturers.

With the increasing internationalisation of industry, "what you are seeing from Alps is not untypical of what you will be seeing from other [Japanese] companies," Mr Waite says.

In Europe, Japanese manufacturers have often been criticised for setting up "screw-driver" plants and not bringing their research and development activities to the EC.

The deal between Motorola and Alps is an example of how Japanese companies might increasingly use European skill in technology.

Although the average technological level is high in Japan, outstanding capabilities are in short supply, says an Alps design official. "Europe is a good source of technological brainpower and there is a possibility that better ICs can be made here," he says.

Motorola already supplies Japanese electronics manufacturers, such as Sony, in Japan. For Alps, the agreement

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## Fujitsu to attack US supercomputer market

By Louise Kehoe in San Francisco

**FUJITSU**, Japan's largest computer manufacturer, announced yesterday it plans to sell its highest performance supercomputers in the US, a move the company expects to create a political backlash.

"We have seen some Japanese bashing, and we will possibly now see some Fujitsu bashing," said Mr Thomas Miller, vice-president of sales and marketing for Fujitsu America's supercomputer group.

Fujitsu's entry into the US supercomputer market and efforts to expand sales in Europe, pose a challenge to Cray Research, the leading US supercomputer manufacturer and world market leader.

Initially, Fujitsu will try to limit political criticism by focusing its marketing efforts on the US private sector. Japanese suppliers have been effectively excluded from the public sector under pressure from Congress and the Bush administration.

Last November, Fujitsu was forced to withdraw an offer to donate a supercomputer to a Colorado-based international environmental research project.

If Fujitsu is successful in the private sector it seems unlikely to ignore the US public sector for long. Publicly funded sales represent about two-thirds of the total US supercomputer market.

The US is under increasing pressure to open its public supercomputer market to Japanese companies following an undertaking by the Japanese government to allow US companies to bid for public computer purchases in Japan.

Fujitsu is also pre-empting charges that it will offer steep discounts in the US as a way to garner sales. "Our US prices will range from \$2m to \$17m, and are based upon world-wide pricing at fair market values," Mr Miller said.

The ten Fujitsu models to be offered in the US range in performance from 0.5 to 3.0 gigaflops (billions of floating point operations per second). They are conventional "vector" processors.

Cray Research, International Business Machines and a handful of smaller US computer makers are developing higher speed computers based upon "massively parallel processing" technology, in which hundreds of standard microprocessor chips are linked together.

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## Hopes fade of deal on tariff reductions

By Frances Williams in Geneva

**THE** continuing impasse over cuts in farm trade subsidies in the Uruguay Round of trade liberalisation talks has delayed detailed market access negotiations which will form a vital ingredient of the final package.

By yesterday, four days after the March 1 deadline, only a dozen of 30 participants (including the EC) had submitted detailed draft tariff schedules, and those of the major traders contain important omissions. The draft schedules are meant to provide the basis for final adjustments of tariff cuts for each country, with an overall target reduction of one-third, by the end of this month.

Many officials in Geneva now say privately that meeting the Easter deadline for completion of the Uruguay Round in its entirety looks increasingly improbable, if not impossible. The US and the EC, by mutual agreement, have not included industrial tariffs in their schedules because they are still in the midst of intensive and sensitive bilateral negotiations, especially on textiles and sectors to be covered by "zero-for-zero" deals. Some other countries have decided to wait for the outcome of those negotiations before tabling their own industrial tariff schedules.

But the main problems still concern agriculture. The EC has provided information on current agricultural protection, including tariff equivalents for items now subject to import quotas and variable levies. But it has not proposed reductions in agricultural trade barriers because the EC is challenging the draft agricultural accord presented last December by Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (Gatt).

Japan, Canada and South Korea, among others, have refused to provide tariff equivalents for farm imports now protected by quantitative restraints, as required by the Dunkel draft.

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## AMERICAN NEWS

Clash with Bush likely on demands to double the 'peace dividend'

## House Democrats set for budget battle

By George Graham in Washington

THE Democrat-dominated House of Representatives prepared yesterday to vote on a \$1.5bn (£250m) budget resolution that would double the size of the "peace dividend" by cutting defence spending more than President George Bush wants, and lay the ground for a political battle over the US budget.

Mr Tom Foley, the Demo-

cratic House Speaker, predicted that the House would approve a budget plan that would shift money saved on reduced defence spending into domestic programmes such as road-building and healthcare. "Our budget is realistic," Mr Foley said.

But the debate will measure the strength of support for preserving the 1990 budget

agreement, in which Mr Bush and Congress agreed on higher taxes, coupled with tight spending caps. The budget agreement also set up "firewalls" to ensure that savings on defence could not be transferred to domestic spending, but must be used to reduce the budget deficit.

A measure sponsored by Congressman John Conyers of

Michigan, due to be voted on next week, would overturn the rules imposed by the budget agreement.

Minority Republicans in Congress expect that they will be joined by conservative Democrats, led by Congressman Charles Stenholm of Texas, in voting against any measure that does not use defence savings to cut the deficit,

which is expected to reach \$400bn this year.

While President Bush said this week that he made a mistake in agreeing to the 1990 budget compromise with Congress, he has nothing to gain by overturning it now. The tax increases are already in place, and abandoning the agreement would take away the spending curbs which he insisted on.

## US keeps Hanoi trade embargo

By George Graham

THE US yesterday agreed to provide humanitarian aid to Vietnam in exchange for help in finding the remains of American soldiers missing in action (MIA) during the Vietnam War, but refused to lift its trade embargo.

Mr Richard Solomon, assistant secretary of state, agreed to provide a minimum of \$3m of government humanitarian aid, on top of around \$6m of non-governmental help now provided by US charities.

But Mr Le Mai, Vietnam's deputy foreign minister, said he was disappointed that the US had not lifted its trade embargo.

"I must be very frank in saying that the response from the

US government remains very modest," he said.

Mr Solomon, however, said that the US was still in the first phase of a four-phase "road-map" towards normalising relations with Vietnam.

This first phase includes only the discussion of normalisation, and will focus on resolving US preoccupations about prisoners of war and servicemen listed as missing in action in Vietnam.

The US envisages a partial lifting of the embargo in phase two, which is linked to the establishment of the UN peace-keeping force in neighbouring Cambodia. A complete end to the embargo would not come until phase three, at least six

months after the UN has arrived and after the last Vietnamese soldier has left Cambodia. Vietnam publicly withdrew most of its troops from Cambodia in 1989, although it left behind hundreds of soldiers, including advisers.

US policy remains fixated by the fate of the MIAs. Polls show that more than 80 per cent of US veterans of the Vietnam War believe some of their comrades are still held prisoner. The war is still a raw issue for many Americans, and it is thought extremely unlikely that President George Bush would take the possibly controversial step of normalising relations with Vietnam before November's election.

## Court considers plan to reorganise Drexel

By Nikki Tait in New York

HEARINGS which could approve a reorganisation plan for Drexel Burnham Lambert, the US investment bank which has been in bankruptcy since early 1990, began in a US court yesterday.

Lawyers for Drexel, which is no longer functioning as an investment adviser, said all but one class of creditor had overwhelmingly voted in favour of the plan. They also said some objections from the Inland Revenue Service and the New York State and New York City tax and finance departments had been resolved.

Lawyers representing Mr

Michael Milken - the former head of Drexel's junk bond department who is serving a prison sentence after pleading guilty to securities law violations - were present.

Mr Milken claims to be a creditor of Drexel and his lawyers - although not objecting to a document going into evidence - said they reserved the right to cross-examine on it.

Although Drexel has formulated a "reorganisation" plan, this would essentially settle creditors' claims and fold up the bank - leaving only a small organisation to handle the bank's least liquid assets.



Noriega: the fate of Panama's former strongman rests in the hands of a jury in Miami

## Echoes of Just Cause as Noriega's star rises

AS the drug trafficking conspiracy trial of General Manuel Antonio Noriega, the former Panamanian leader, creeps to a conclusion - yesterday marked its 69th day - speculation is growing that he might be

acquitted on at least some of the main counts.

Simultaneously, the possibility grows that the 1989 US invasion of Panama might become an issue in this year's US presidential campaign.

President George Bush's Desert Storm victory last year no longer resonates with voters. A rejection by the jurors in the Miami trial of all or most of the charges against Gen Noriega would mean that the rationale of an earlier foreign policy action - Operation Just Cause, which sought the general's capture - would be open to question.

Although it is open to debate how the jury will react to what they have heard, the general's prosecutors do not appear to have had a good week. For this, they can blame a dead man, a self-styled political refugee and a fiery Panamanian woman legislator.

The dead man - Mr William Casey, the Reagan-era director of Central Intelligence - dropped up when a former CIA Panama station chief testified that Mr Casey had met Gen Noriega in Panama days after Gen Noriega held a Havana tête-à-tête with President Fidel Castro in 1984.

Gen Noriega told Mr Casey what Mr Casey had to say about Central America and exchanged gifts with the intelligence chief - Mr Casey's book for the general, some of the general's private stock of Cuban cigars for Mr Casey. This evidence appears to have bolstered the defence claim that Gen Noriega was an important US ally.

The self-styled political refugee - Mr Rodolfo Castellón, Panama Air Force officer and former ambassador to Israel during the Noriega regime - denied a key element in the government's case, that the general was involved in a conspiracy with the Medellín drugs cartel.

Mr Castellón contradicted a claim by a government witness that a group of Colombian cocaine chemists captured by the Panamanians had been returned to Colombia on a champagne flight via executive jet - demonstrating Gen Noriega's cosy relationship with Colombian drug interests.

Mr Castellón, who has sought political asylum in the US claiming fear of persecution in Panama, was the air force officer who arranged the return flight. He identified photographs which showed that the aircraft used was an old cargo aircraft and the passengers wore chains.

The Panamanian legislator Mrs Balbina Herrera - had been identified by one of the government's earliest witnesses - former drug dealer

The 1989 invasion of Panama may become an issue in this year's US presidential election, writes Henry Hamman

Mr Max Marmelstein - as a 1983 contact with whom he arranged landing rights for drug-carrying aircraft in Panama.

But Mrs Herrera furiously branded that testimony a lie and said that in 1983 she was working as a junior-grade economist in an institute of the Department of Education which provided scholarships to Panamanian secondary and university students.

In addition to these challenges, the government was also confronted with Mr Luis Ellis, who had been named by the government as having offered drug traffickers the use of a fishing port of which he was the administrator for the shipment of ether (used in the manufacture of cocaine) on the instruction of Gen Noriega.

Not true, insisted Mr Ellis. However, the impact of his denial was lessened after he acknowledged that his wife had worked as one of Gen Noriega's secretaries.

None of this testimony would, of itself, damage a strong prosecution case. The government's problem is that there are doubts about how well the overall case against the general is holding up.

Panamanian journalists covering the trial report widespread belief in Panama, where the trial receives more attention than in the US, that Gen Noriega may be acquitted.

Last week Panamanian vice-president Guillermo Ford told a Miami audience his government had decided that, were the general to be freed, Panama would seek his extradition. Mr Ford acknowledged, however, that no criminal charges had been laid against Gen Noriega in Panama.

The jurors will be instructed by the judge that they should vote to convict only if they find the general's guilt proved beyond reasonable doubt.

But some attorneys think the jurors will decide their verdict based more on their attitude toward the government as an institution than on the complex evidence they have heard since the start of the trial last September.

If that view is correct, another week like this one could mean problems for the government side.



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## Venezuela appoints minister for energy

By Joseph Mann in Caracas

MR Alirio Parra, one of Venezuela's most experienced oil experts, has been appointed minister of energy and mines, a central post in the cabinet. He replaces Mr Celestino Armas, who was moved to the ministry of the presidential secretariat in a cabinet shake-up last week, following the February 4 coup attempt.

After being sworn in Mr Parra said he would work to attract more foreign investment into Venezuela's oil industry and to strengthen crude oil prices internationally. Until his appointment to the energy ministry Mr Parra had worked as director of the Centre for Global Energy Studies in London, an organisation founded by Sheikh Ahmed Zaki Yamani, Saudi Arabia's former petroleum minister.

Mr Parra held a variety of posts in the ministry of energy and worked for many years as a board member at the national oil company, PDVSA. He formed part of the first board in 1975 and retired from the company as head of its

London office in 1990. He is well-versed in Organisation of Petroleum Exporting Countries' matters. For many years he served as Venezuelan negotiator at Opec conferences and was a key adviser to previous Venezuelan energy ministers.

President Carlos Andres Pérez yesterday renewed his promise of political reforms and announced further measures to help those hardest hit by economic austerity. Reuter reports from Caracas.

Mr Pérez told the nation a special assembly would redraft the constitution and put it to the people in a referendum by May in a bid to defuse the most profound political crisis in the country's recent democratic history.

There have been increasing attacks on Mr Pérez's economic reform policies and calls for his resignation following the coup attempt.

The President suspended monthly petrol price increases in place for a year and promised a ceiling on prices for staple foods and medicines.



## UK NEWS

## Recession could force BT to cut workforce by 25,000

By Hugo Dixon

BT, the telecommunications group, plans to cut its workforce by up to 25,000 in the 12 months from April in response to growing competition and the recession.

It will be one of the largest programmes of job losses ever by a British company in a single year and will add to the general economic gloom.

The company wants all job losses to be through voluntary redundancy or natural wastage. The current workforce of 218,000 experiences natural wastage of 5,000-10,000 a year.

BT plans to write to all staff in the next few days giving them the background to its decision to step up its programme of job cuts.

One executive, however, said job losses would be higher than the 15,000 expected in the current financial year in the end of March and the 19,000 in the previous year. He said 25,000 was at the "upper end of the range".

Redundant staff will include managers, as well as engineers, operators and other staff.

Mr Tony Young, general secretary of the National Communications Union, which represents most BT's employees, said he was appalled at the job losses. "Clearly, the effects of the recession and the regula-



Young: 'appalled' at cuts

tory framework imposed by the government are having a devastating effect on what should be one of the UK's growth industries."

Mr Young said the union would co-operate only if job losses remained purely voluntary. It is negotiating voluntary redundancies with BT.

BT has had a long-term programme of reducing staff numbers in a drive to cut costs and improve efficiency. Top management is concerned that BT employs more staff in proportion to the size of its business than most competitors in North America and the EC.

The acceleration in job losses at BT is the result of growing competition from Mercury Communications, the recession and tighter regulation of prices by OfTel, the regulatory body.

The same factors were behind a 3.6 per cent fall in BT's pre-tax profits to £799m for the quarter to the end of December.

Several million BT customers with old-style phone sockets are to get a discount of £4.20 a year on their rental charges, the telephone giant announced today. "We thought it was fair to give a discount to customers who are unable to plug in other equipment such as modern answering machines and fax machines," said a spokesman.

## Speculation mounts over timing of general election

By Ivo Dawney, Political Correspondent

A FRESH bout of feverish speculation as to when an April 9 election will be announced, overshadowed government attempts yesterday to take the offensive on its controversial reforms of the National Health Service.

Mr John Major clashed with Mr Neil Kinnock, the opposition Labour leader, in heated exchanges over health reform at prime minister's question time in the House of Commons. MPs, meanwhile, argued over press reports that Mr Major will call an election on Wednesday - only 24 hours after next Tuesday's Budget.

Mr Major was flanked by a new poll showing the two main parties exactly level on 38.5 points with the

centrist Liberal Democrats at 18.5 points.

A Gallup "snapshot" poll for the Daily Telegraph was accompanied by a Gallup 9000 poll of 10,405 voters, showing the Tories on 38.9 or a statistically insignificant 1.3 points ahead of Labour in soundings taken over the past month.

Whatever the true position of the parties, the poll findings make clear that there has been no substantial surge by Labour that might persuade the government to reconsider the April 9 date.

With analysts predicting the narrowest election race for decades, the day's events were dominated by bar-room tacticians attempting to calculate the strategic advantages to the

Tories of making the election announcement 24 hours earlier than most had expected.

One theory had it that an early election call, backed up by a prime ministerial address to the nation on television, would switch attention away from the detail of the Budget statement and Labour's counter attack on its intentions.

It would also distract from Mr John Smith's right as shadow chancellor to a 10 minute television "reply" to the budget, also scheduled for Wednesday.

Tory campaign officials insisted that no final decision had yet been taken on timing and that the issue had not even been raised during a 30 minute political discussion after yesterday's Cabinet meeting.

Downing Street said the prime minister had scheduled a normal weekend in his Huntingdon constituency with no meetings planned with cabinet colleagues.

But there was clear evidence of a government clearing its desks for an election as ministers announced nearly £400m of spending on projects ranging from roads for Scotland to grant aid for technical schools.

The "business as usual" message cut little ice in the Commons chamber where Mr John MacGregor, the Leader of the House, came under fierce opposition fire for announcing a normal statement for next week's business.

Mr Roy Hattersley, Labour's dep-

uty leader, attacked the statement as "wholly fictitious". Citing rumours that the broadcasting authorities had already been alerted to a Wednesday announcement, he said: "The government is ending its term of office in exactly the same shabby way it has conducted itself during the last 18 years."

Mr MacGregor replied: "You began with a fictitious comment. The government has done no such thing."

In fact, as soon as the election is called, Mr MacGregor will be forced to cut short the traditional four day Budget debate, introduce a truncated Finance Bill, and ensure remaining business is either rescheduled or abandoned.

To meet an April 9 timetable, the

Commons must be prorogued by the night of Monday March 17.

Earlier yesterday, the Conservatives and Labour held news conferences with conflicting claims over the impact of the government's NHS reforms. The issue was taken up in the Commons, where Mr Kinnock promised a Labour government would end the tax concession for private health insurance and use the £80m saving "to fight cancer."

The prime minister retorted that the Labour party's promises would have more credibility if it was not committed to introduce a minimum wage which would cost the NHS £200m.

Budget analysis, Page 14  
Joe Rogaly, Page 15

US-Belgian consortium buys power stations

## Gas pipeline to link Scotland with N Ireland

By Our Belfast Correspondent and Juliet Sychrava

BRITISH Gas is to buy Ballylumford, Northern Ireland's largest power station, and build a pipeline from Scotland to bring natural gas to the province for the first time.

The privatisation of Northern Ireland Electricity (NIE), details of which were unveiled by the government yesterday in parliament, will raise £265m for the company's four power stations.

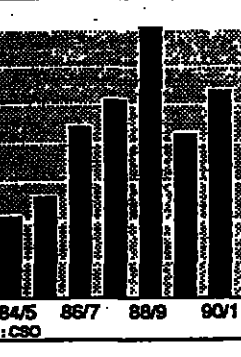
The sale of the power stations, effective from March 31, will form the first stage of the privatisation of NIE. The company's supply and distribution business will be sold to the public in November.

British Gas will pay £132.4m for Ballylumford, in County Antrim, which generates half Northern Ireland's electricity. Although the 1,000MW station currently runs on oil, British Gas has undertaken to convert it to gas, which will be imported through a new pipeline from Scotland.

Two other power stations will go to a consortium of the US power company Applied Energy Services, and Tractebel, the Belgian power conglomerate. The consortium will pay £141m for Kilroot, a 600MW station in County Antrim, and the 240MW Belfast West coal-fired station.

## Receipts from privatisation

£ bn



Source: CSD

NIE's fourth station, the 420MW oil-fired Coolkeeragh plant in Londonderry will be bought by a management-employee team from NIE for £6.5m.

British Gas said the move would help expand its power generation business, along with plans for other power stations in Bristol, London, and overseas.

Mr Richard Needham, Northern Ireland minister, said the privatisation, which has faced strong local opposition from politicians, trade unions and other groups, would be a great confidence boost to the Northern Ireland economy.

## Employers condemn EC energy tax

By John Hunt

EUROPEAN Commission plans for an energy tax could seriously damage industrial competitiveness in Britain and other EC countries, the Confederation of British Industry (CBI) warned yesterday.

The employers' organisation said companies exporting from the Community would be handicapped in their competition with US and Japanese rivals if such a tax was adopted unilaterally. The tax would also encourage companies to relocate outside the EC in order to avoid payment.

In evidence to the House of Lords European Community Committee yesterday, the CBI said it would be impossible to introduce the first stage of the tax next year as envisaged by the Commission.

The EC proposal is intended to cut emissions of carbon dioxide, the main greenhouse gas. The tax would be equivalent to £10 on a barrel of oil by the year 2000.

Mr Ripe di Meana, the EC environment commissioner, believes it is essential to adopt the proposal soon in order to persuade major non-EC industrial countries such as the US and Japan to follow suit.

But the CBI, which represents 250,000 companies in the UK, said much more work needed to be done on the proposals and the tax could not be introduced before 1994.

The CBI believed the most fruitful course was a determined attempt to improve energy efficiency.



Ian Botham, pictured, took four wickets in seven balls to set up a memorable victory for England over Australia in the Cricket World Cup in Sydney. The all-rounder, now aged 38, then scored 53 runs as England sealed past the required total of 171 with nine overs to spare and eight wickets left. England are now championship favourites.

## Price freeze sought over match monopoly

By Robert Rice, Legal Correspondent

BRYANT & May, the UK match manufacturer, faces a two-year price freeze on its branded matches after the Monopolies and Mergers Commission (MMC) found it had a monopoly in the UK market for matches and disposable lighters.

Mr Peter Lilley, Trade and Industry Secretary, said yesterday the MMC had found that Bryant & May had been able to achieve high prices for matches as a result of its very high market share. His comments followed publication of the watchdog's second report in four years into the industry.

Mr Lilley said he had asked the director general of fair trading to seek a price undertaking from Bryant & May.

Bryant & May is part of Wilkinson Sword, the consumer products company sold in 1987

for £39.2m to Swedish Match, the Stockholm-based conglomerate, by Allegheny International of the US.

In 1980 Bryant & May accounted for 78 per cent of the UK match market: said to be worth about £100m a year.

Mr David Wheeler, managing director, said the company would co-operate with the Office of Fair Trading although it felt the inquiry had been a waste of taxpayer's money and would have "very little impact on the public interest."

Mr Wheeler added that Bryant & May believed its profitability was due to its quality and efficiency.

Since 1987 Bryant & May's profits have soared, although it has only raised its prices in line with inflation, and the foreign competition has largely fizzled out.

## Labour MPs accuse Major of ignoring BCCI warnings

By Ralph Atkins

MR JOHN MAJOR is accused of ignoring warning signs about fraud at the collapsed Bank of Credit and Commerce International (BCCI) in a series of Labour additions to a House of Commons report to be published next week.

Labour MPs on the Treasury select committee are expected to split publicly with Conservative members when the main report is published on Wednesday. The amendments, which amount almost to a "minority report" were tabled by Mr Brian Sedgemore, the Labour MP.

Mr Major, who was chancellor of the exchequer when the evidence of fraudulent accounting at BCCI first emerged, should not escape some responsibility for the affair, according to Labour committee members.

The main report is highly critical of the Bank of England for delaying action against BCCI. But Mr Sedgemore's amendments go to implicate Mr Major, in the belief that the Bank of England should not be used as a "fall-guy" for Treasury ministers. The Bank is responsible for banking regulation but the Treasury broadly oversees its actions.

Mr Sedgemore has compiled a diary of 33 warning signs between 1985 and BCCI's closure in July last year which he says were available to the Bank of England. Of these, 19 occurred during the period when Mr Major was chancellor, he says.

The colourful language of the amendments clashes with the moderate style of Mr Terence Higgins, Tory chairman of

the committee, in the main report. However, the Labour MPs on the committee believe many of Mr Sedgemore's points are valid.

The Bank of England received a report on BCCI from accountants Price Waterhouse in April 1990, which said some accounting transactions at the bank were false. The report was followed by a shake-up at BCCI and a restructuring of its balance sheet.

According to evidence given by Mr Robin Leigh-Pemberton, governor of the Bank of England, Mr Major was told about the restructuring but not the contents of the 1990 report.

Not until a later Price Waterhouse report to the Bank in June 1991 was there sufficient evidence of fraud at BCCI to justify its closure.

## BRITAIN IN BRIEF



## BA plans new business for home network

British Airways is setting up a business to run its domestic regional services called British Airways Regional following an agreement with the airline's trade unions to reduce direct annual staff costs on its regional network by £2.25m from the beginning of next month.

The cost cutting package agreed with the unions will improve profitability and safeguard about 1,000 jobs in the airline's domestic regional services based at Birmingham, Manchester and in Scotland, according to BA.

The agreement comes after several months of negotiations between the airline and its main unions.

## Minister makes equality gaffe

The launch of a government booklet on sexual harassment, backfired as Mr Robert Jackson, employment minister, incurred the wrath of the Equal Opportunities Commission (EOC) by claiming that wolf whistles and pin-up calendars were "acceptable in certain circumstances".

At the launch of the sexual harassment booklet, Mr Jackson said it was impossible to provide a checklist of actions that would constitute harassment because that could "lead down the road of political correctness". Wolf whistles and pin-ups might be acceptable in "totally all-male environment where no woman will stray", he said.

Following Mr Jackson's comments, the EOC said a resolution from the European Community, to which Britain had been a signatory, specifically mentioned pin-ups and wolf whistles as things that were likely to be offensive to women.

## Economy hope undermined

A flicker of hope for economic recovery in the UK has been extinguished by publication of the latest longer leading indicator, which records turning points in economic activity about 10 months in advance. It fell 0.6 per cent in January.

The Central Statistical Office said the decline in optimism recorded by the Confederation of British Industry in recent months led to last month's drop of the longer leading index to 102.6 from 103.9 in December. The index turned up in May 1990 and rose until October 1991.

## Workers could face call-up

Defence industry employees could have call-up clauses written into their job contracts if proposals published by the Ministry of Defence (MoD) are brought into effect.

The plan would also affect civilians working for the MoD. The aim of the scheme, part of a set of proposals in a consultative document on the future of Britain's reserve forces, is to enable the government to call automatically on certain categories of reservists to take up non-combat duties in support of the armed forces.

## Scots consider baccalaureate

The Scottish education system will face its biggest shake-up for decades if the Scottish Office implements the recommendations of a report which recommends scrapping the so-called "Higher" exam for school leavers. The report, by

a committee chaired by Professor John Horne of St Andrew's university, says the Higher should be replaced by a new system including a "baccalaureate," which would provide greater depth than the Higher.

## Pension funds earn 16.9%

British occupational pension funds achieved an average rate of return (income plus capital appreciation) of 16.9 per cent last year, according to the WM Company, the bigger of the two major performance measurers.

Excluding property, which had a bad year, the funds returned 18.8 per cent. All the other major categories of investments, UK equities, overseas equities, UK bonds and overseas bonds, returned up to 21 per cent.

## Securities dealer jailed

An authorised securities dealer, Mr Andrew Kimmins, who misused clients' funds to prop up his business has been jailed for two-and-a-half years and disqualified from acting as a company director for five years.

The final losses to clients had been £3.5m, while a further £200,000 had been lost by Mr Kimmins' family and associates, said the judge. Mr Kimmins had pleaded guilty to two charges of fraudulent trading.

They alleged that between November 1986 and December 1988 he was knowingly party to the carrying on of the business of Blade Securities and Blade Investments, both of Brompton Road, London, with intent to defraud creditors.

Twenty-three other charges were left on the court file.

## Chinese plan leisure centre

The Chinese government, in co-operation with private Saudi Arabian interests, is planning to invest in a leisure development just outside Coventry. Coventry City Council said it would take part in the redevelopment of Coombe Abbey Countryside Park, providing nearly 50m of the costs of a £19m scheme.

This is the first Chinese involvement in a UK leisure venture and a rare expression of interest in the British property industry.

## Tories lose Scots support

Support for the Conservative party in Scotland has fallen according to a new opinion poll which also showed strong backing for the Scottish National Party but a decline in support for Scotland becoming independent.

The poll, by Market Research Scotland for Grampian Television and the Aberdeen Press & Journal, put support for the Conservative party at 18 per cent, compared with 21 per cent in a poll earlier in the month.

## European bids for metro

Six European consortia and one company have tendered for the contract to design, build and operate the first stage of Midland Metro, a tram system linking central Birmingham and Wolverhampton.

The West Midlands Passenger Transport Executive announced that the competitors are AMEC and six consortia. The consortia are Trafalgar House, ABB Transportation Management & Systems, Breda Costruzioni Ferriate and Sotretu; Balfour Beatty and Siemens; Taylor Woodrow and Ansaldo; John Mowlem and GEC Alsthom Transportation Projects; AEG Westinghouse Transport Systems, Norwest Holst and Tilbury Douglas Construction; Tarmac, Hawker Siddeley Rail Projects and Bank of America.

## Trucks speed

Trucks are by far the worst offenders when it comes to breaking speed limits on roads other than motorways, according to the Department of Transport.

## Glimpse of peace turns spotlight towards Sinn Fein

Tim Coone and Ralph Atkins assess the possible role of the IRA's political wing in an Ulster settlement

SENIOR British and Irish ministers meet in Dublin today amid hopes of a new panorama opening on Northern Ireland.

The four main political parties in Ulster are due to hold a symbolic first meeting of "round-table" talks on the province's future on Monday - after a seven-month lull. Church leaders have met paramilitary chiefs in an apparent effort to broker a ceasefire.

They are small changes, but sufficient to renew attention on the role of Sinn Fein, the political wing of the Illegal Irish Republican Army (IRA), which has not been invited to the talks.

"The IRA is threatening to disrupt the British general election with a bombing campaign in mainland Britain. Ironically, its efforts coincide with a diplomatic offensive by Sinn Fein to win a place at the negotiating table."

At their recent annual congress in Dublin the "Shinners" launched their first major strategy document in years, Towards a Lasting Peace, which they describe as an olive branch to the Ulster Unionists and the British and Irish governments.

Both governments, all the main political parties in both countries and the Catholic and Protestant churches have condemned Sinn Fein for their



Sinn Fein president Gerry Adams puts his case for removing the Ulster border, which now involves 'a lasting peace'

association with the IRA, and their official stance on armed struggle which Mr Gerry Adams, the party president and MP for West Belfast, spelt out again at the congress. "Irish people have the right to use armed struggle in the context of seeking Irish independence and in conditions of British occupation of the Six Counties. Whether Irish people wish to exercise that right is a

matter for them," Mr Adams said. Sinn Fein has been told it will not be accepted at the negotiating table until it changes this equivocal stance.

Peace overtures from Mr Adams are viewed with profound scepticism if not anger. A Labour government in the UK would be equally antagonistic.

Sinn Fein maintains it has no formal links to the IRA, although the overlap is undeniable. It has social welfare programmes for IRA prisoners and many members have been interned or convicted for paramilitary activities.

The extent to which the party's political leaders influence the military commanders of the IRA is open to question. Mr Adams says Sinn Fein and the IRA act independently.

He and others in the party sometimes appear uneasy about civilian casualties. In an overt criticism of IRA tactics he told the congress: "I repeat my firm conviction that attacks on Protestants are wrong for exactly the same reason that attacks on Catholics are wrong." It was the loudest applause he received throughout his speech.

The "olive branch" Sinn Fein is offering is for the British and Irish governments to make "the ending of partition their policy (goal)" and that this be carried out "in consultation and co-operation with the Ulster Unionists."

Mr Adams did not rule out the possibility of a halt to the IRA's military campaign as a means of bringing Sinn Fein into the talks. "At some point before, during or after this process, demilitarisation has to play a role," he said.

He believes the British government's strategy is not to involve Sinn Fein in talks "as it wants to defeat the Republicans" in the past.

British ministers regard even hinting at talks with Sinn Fein as dangerous - it would inflame Ulster's fiercely defensive Unionist community, ending for some time any chance of progress in the "round table" talks, and it would undermine the logic of the sophisticated and expensive military operation against the IRA.

The British government argues that when new, workable forms of government for the province are found, Sinn Fein's most powerful argument - that Northern Ireland can never work in its current format - will have been lost. So far ministers have not succeeded in that aim.



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## MANAGEMENT

## Hospitals get the quality treatment

Alan Randall looks at magic moments in America

Mike Matzinger, a paramedic, entered the hospital ward carrying a shopping bag. He was visiting a boy knocked down by a car the previous day whose school uniform Matzinger had cut during treatment. The paramedic had just gone out on his day off work and bought a replacement set.

The incident at Williamsport Hospital in Pennsylvania is one of 1,000 "magic moments" listed by the hospital as the result of its six-year Total Quality Management programme. Williamsport is a pioneer, but is far from alone in trying to apply TQM in a health setting.

In the last two years, American health managers have become fascinated by quality. It now takes second place only to cost containment in a country where 13 per cent of the gross national product is spent on an largely insurance-based health care system.

TQM can create big financial savings. Research has indicated that companies often spend between 25 and 30 per cent of operating budgets rectifying errors in the production process. Exponents of TQM claim it can save about half of those costs by getting things right first time.

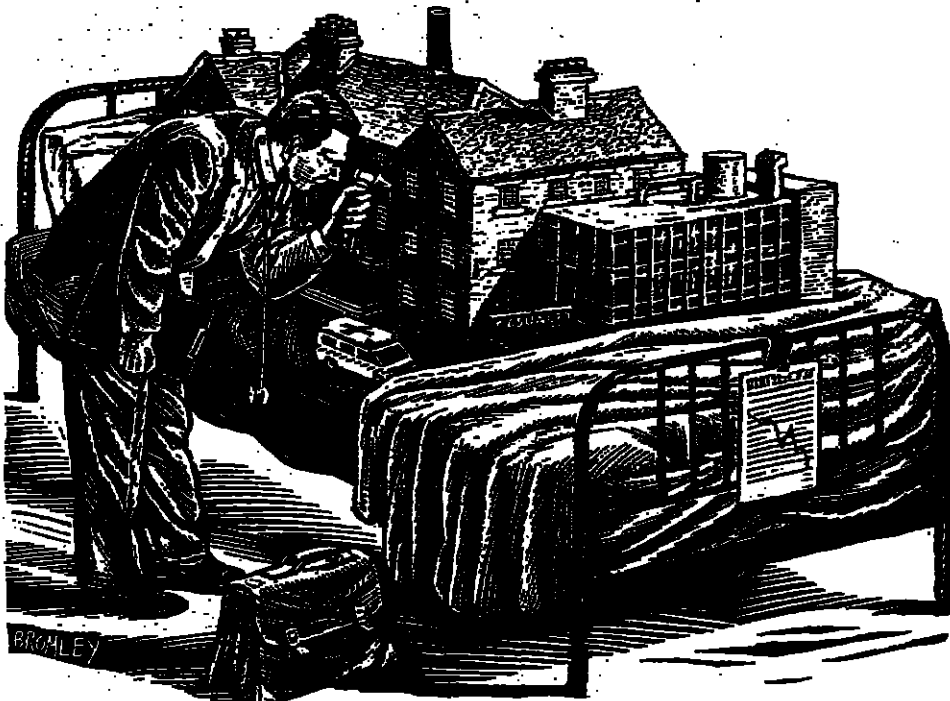
The whole notion of quality has a particular significance in health care. A patient with defects may be re-worked, but patients who are treated wrongly will suffer unnecessarily and may not recover at all.

So far, most health care improvements have been administrative. A team of physicians and managers halved the number of unavailable outpatient records at the Walnut Creek Medical Center in California by using problem solving techniques, common in industrial engineering.

Similar successes were reported in an eight-month national demonstration project. The project matched 21 experts in quality management from corporations, universities, and consulting firms with management teams from health organisations.

Each team selected a problem area at their workplace and applied a TQM solution. The problems included telephone response times, transfer of data between sites and improved billing; none covered clinical subjects, or broad corporate change.

After six years of the TQM programme at the Williamsport Hospital, Donald Creamer, chief executive and president, can produce a list of



achievements by "improvement teams" as part of the hospital's "Making People Well and Happy" campaign. They include:

- Raising the rate of improvement in post-heart attack patients undergoing rehabilitation from 66 to 80 per cent.
- Achieving significantly lower mortality rates than other hospitals with the same mix of patients.
- Responding to parents' wishes not to be parted from their children before they are anaesthetised for operations.

Timothy Manello, the hospital's vice president for human resources, says the programme has depended on involving and looking after staff. There is an extensive programme of staff training and rewards designed to inculcate values and standards in all employees.

Apart from monthly awards, the two employees of the year receive \$500, a silver tray and a week's family holiday in Florida.

Another hospital with interesting results is the Department of Veterans Affairs Hospital in Kansas City. Managers claim that since the introduction of a Quality Management Programme, they have cut the number of deaths in the hospital by 20 per cent.

The hospital has a small team of specialist nurses who monitor 15 types of untoward incidents, including all in-patient deaths. After the team presented results to physicians and ward teams, clinical and administrative policies were changed.

These American experiments have lessons for Britain. The National Health Service Management Executive has invested £2.5m over the last three years in supporting local TQM initiatives. This financial year, 12 sites have shared £1m.

The projects are now being examined by a team from Brunel University, and early evidence suggests that the NHS

experience compares well with the US. In my own health district of Worthing in Sussex, some tangible results have been achieved:

- At Shoreham Health Centre, doctors, nurses, receptionists and the caretaker worked together to improve patient waiting areas, signposting and access to the premises.
- At Worthing Hospital, the porters were issued with walkie-talkies to improve response times.
- The ambulance service introduced radio-cassettes to entertain patients travelling to out-patients' wards.

But despite the hopeful evidence from both sides of the Atlantic, there are some important questions to be answered before the case for TQM in health is fully made.

The first is whether TQM can be transported from the private sector into the public sector.

There seems little reason to think that the main thrust of

the approach cannot be transferred, but there are harder questions about its techniques for involving staff.

One of the exciting components of TQM is the idea of encouraging staff to take responsibility; this approach can cut across the bureaucratic style of public services.

Trust hospitals now have a clear interest in delivering the services required by customers - purchasing health authorities and fund-holding general practitioners. They also have more freedom to devise their own staff reward packages to encourage quality.

Alternatively, it is whether TQM can be applied to clinical areas. The evidence from the US is so far unconvincing. In theory, there should be no problem. The systematic, disciplined method at the heart of the TQM reflects the clinical approach of doctors.

However, doctors may resist because they see it as a cunning way for management to become involved in monitoring the work of doctors. Alternatively, they may regard participation in problem-solving teams as a waste of time or fail to see that many unsatisfactory clinical outcomes stem from system failures.

A further set of questions surrounds the problem of defining quality in health care. Is quality to be judged by compliance to agreed procedures? Or is it by the condition of the patient on discharge? Or is a longer term view of the outcome for the patient necessary? And what part should the patient's experience in hospital play in judging quality?

In the industrial setting some of these questions can be answered by asking the customers to rank quality components. In many cases, this is not so easy in the health setting.

Despite these difficulties, the potential prizes to be reaped from TQM make it well worth exploring as a more serious basis in the NHS. If it works well, it could result in big improvements of the sort witnessed in successful Japanese and American companies.

At a minimum, it could result in more records being found and some telephone being answered more quickly. Small gains like that should not be dismissed lightly.

Alan Randall is chief executive of Worthing district health authority. He studied US health care as a 1981 *Herbert Fellow* of the Commonwealth Fund, New York.

Christopher Lorenz

## The sum total adds up to more than figures



It may seem a naive question to ask in a newspaper such as this, but should finance necessarily be the common language of a company? You would certainly think so from the horrified reaction of some people last week to a study which demonstrated the ignorance of many non-financial managers in Britain about a series of basic tools and concepts: such fundamentals as depreciation, discounted cash flow and even the difference between a balance sheet and a profit and loss account.

Paradoxically, the conclusion that finance is all-important has probably been drawn by most people from a sustained correspondence in the FT over the past month about Aldo Morita's declaration that accountants should not run manufacturing companies in Britain - or, presumably, anywhere else.

The bombastic chairman of Sony complained that too much of British industry is in the hands of accountants who do not understand the engineering that goes into their own products. Quite so.

Predictably, the resulting correspondence has ranged the accountants against Britain's down-trodden engineers. Between these two extremes, the seemingly level-headed centre of the debate was epitomised by a managing director who wrote last week that "the only real common ground between disciplines in any business, whether in engineering or not, is finance".

On the face of it, his argument may indeed appear sensible. But I beg to differ with it. Finance need not be the common language of a company, certainly not the only one. Have we struggled in vain through our various business experiences of the past decade, learning nothing from "In Search of Excellence", Total Quality Management, and various versions of the maxim "put the customer first"?

If "Excellence", the best-selling business book of the 1980s, taught us anything other than that good management is a lot more complicated - and short-lived - than many people thought, it is this: that successful companies have a powerful set of beliefs (or "values") that are shared across the organisation, from top to bottom and side to side.

Few, if any, of these beliefs are financial: they are certainly not expressed in financial terms. Then there is TQM. Many aspects of it are expressed in financial terms, but by no means all of them are. It also involves various non-financial measures: of quality performance, of customer satisfaction, and so on.

And what about Customer First (or "Close to the Customer", if you prefer that version of the jargon)? Is this any more serious than a value such as this really to permeate a company, what is needed is not so much financial literacy as an understanding both of consumer psychology and of basic marketing concepts such as positioning and segmentation.

Yet many people in such companies - including accountants and even some sales executives - are woefully ignorant of the real meaning of such terminology.

Is this any more serious than the ignorance of financial concepts shown by the respondents to last week's study? My answer would be no, they are both equally serious: that marketing should be just as much the common ground between disciplines as is finance.

So, too, in a manufacturing company, should be engineering, electronics, chemicals or whatever. Can anyone imagine, say, a Sony or Apple manager who does not understand electronics regardless of his or her background?

Which brings us to the question of whether specialists of one sort can be expected to learn another's language, and embrace it as a real part of their thinking processes.

That engineers can, given the right training, live and breathe finance - and marketing - is patently obvious from the accomplishments of so many of them at and near the top of successful companies in Japan, Germany, Sweden and also the United States.

The same almost goes for marketing people: once trained, they are certainly adept at thinking finance, though they find engineering a bit harder.

But accountants? With notable exceptions, there is only limited evidence to suggest that the fraternity can really learn to "breathe" either marketing or engineering.

In part, this is because accountancy is essentially a control discipline, whereas marketing and engineering are at least partly creative - or should be.

Arch controllers who have plumped at an early age for the safe (well, safe-ish) waters of accountancy find it harder to think creatively - in the proper sense of the word - than creative people find it to master the skills of control.

All of which leaves us with the conclusion that finance is important, but not all-important. Just like marketing and engineering, in fact.

Hence, the idea, advocated in the current issue of the Harvard Business Review, of a "balanced score-card" of measures, which complement a financial perspective with ones on customer satisfaction, internal company processes, and the organisation's innovation and learning activities.

The only totally common ground between disciplines in business is not finance, but people. But that does not mean that everyone in a company should understand the often arcane language of personnel any more than that those unfortunate personnel managers in last week's survey - a quarter of the sample - should lie awake worrying about the proper definition of DCF.

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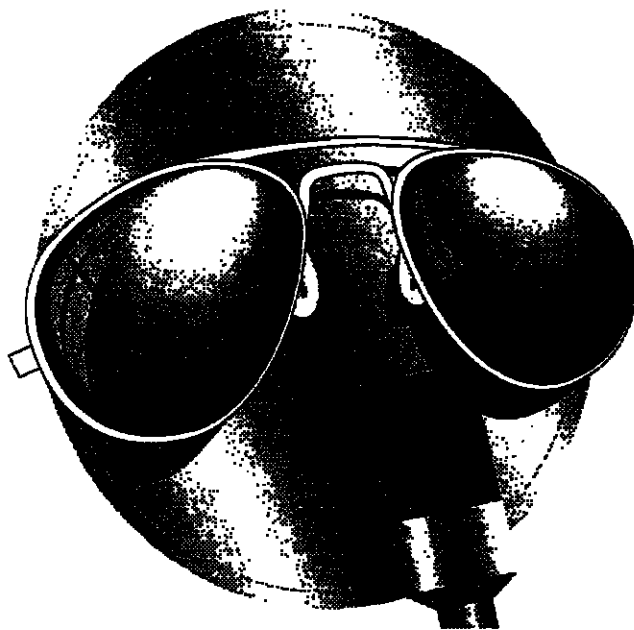
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FINANCIAL TIMES  
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## TECHNOLOGY

Michio Nakamoto explains why recordable compact disc are proving so elusive

## Blinded by the light



The crisp, clear digital sound of compact discs, those shiny, silvery plates that bounce little rainbows off their surface, has fundamentally changed the way we listen to music.

The problem for audio buffs, however, is that having become used to the superior quality of digital recordings, they still have to make do with dull-sounding conventional analogue tapes if they want to make recordings at home.

It is not that the manufacturers have been blind to the potential for this market. Audio tapes that can be used to record music at home, digitally, are already on offer.

Sony's digital audio tape has been on the market since 1986 and Philips is launching its digital cassette player this autumn. The quality of sound which digital tapes offer is just as good as that of CDs.

But digital tapes are still tapes, with the attendant problems that anyone who has played their favourite tune over and over again is familiar with. So the search has been on for recordable CDs, which would provide random access to any music track.

The CDs that are currently available are of the "read only" type. They are pre-recorded digitally and cannot be recorded on once they have left the factory.

To record on an disc, laser technology uses heat to make marks of light and dark. To read what is recorded on a disc, the laser beam goes over the disc and picks up the light and dark marks on it as digital signals, which it then converts into sound signals.

Recordable CDs would have to be made in a form that would allow the laser beam in a CD player to make marks on the disc and then read back

what was written.

There are two technical problems facing manufacturers making recordable CDs.

The laser in the compact disc player picks up certain data from the disc, such as the number of tracks and the length of each, before it will play the disc. This is known as the table of contents.

But since recordable CDs, which are blank, do not have a table of contents, the laser cannot pick up the information. Any existing CD player would refuse to play such a disc. This is a problem for Philips and Sony since they are committed to allowing any new CDs to be used on existing players.

The other technical obstacle has been that the industry standard for CDs requires them to have 70 per cent reflectivity (the disc has to reflect 70 per cent of the light that hits it) after they have been recorded on.

In order for a laser beam to write on the CD, however, the surface needs to be dark enough to absorb the heat from the laser beam. The reflectivity needs to be 15 to 20 per cent.

To put a recordable CD on the market, manufacturers have had to come up with a material that has a low enough reflectivity to be recorded on

but that will still end up as a shiny disc with a reflectivity of 70 per cent so that it can be played back.

The first of these two problems has been overcome by including a function in recordable CD players that will put a table of contents on the disc

after it has been recorded. Thus any CD that has been recorded on can then be played on a conventional player.

The problem of reflectivity has been solved by Taiyo Yuden, a Japanese electronics company. Taiyo put a chemical layer just above the layer of

metal coating in the CD on which the laser beam would make its marks and off which it would read them. The chemical layer is easily activated by heat. When the laser beam hits this layer it reacts with the heat and works on the underlying metal coating to make the necessary marks.

Taiyo's recordable CDs have been on the market for professional use and for use in computers at a cost of about ¥4,400 (£30). The disc has a life expectancy of 100 years, says Taiyo.

The company, however, does not yet have immediate plans to manufacture recordable CDs for the consumer market, largely due to the high price of recordable players which still sell at about ¥1m.

It is also unlikely that the price of the recordable discs will fall in the foreseeable future on a par with pre-recorded CDs. The high price is mostly due to the complex manufacturing process and mass production may not automatically bring the price down.

Plasmon, a Cambridge-based manufacturer of optical discs, and Ciba-Geigy, the Swiss chemical company, have agreed a joint development project to produce a second type of recordable CD which would use what they claim is a more stable chemical than that used by Taiyo. Plasmon is hoping to bring the price down to 25 in five years' time.

Meanwhile, others are working on rewritable CDs. Sony has opted to develop magneto-optics, a technology that uses light, heat and magnetism, for its minidisc system of small recordable CDs.

Matsushita, on the other hand, has opted for the "phase change" approach based on laser technology, which it already employs in recordable and rewritable systems for computers.

pulse. ISD's chip, on the other hand, has to hold the information at varying levels between 0 and 2.5 volts.

The trick, says Hurlow, is not only to store the sound but to be able to repeat it, and that involves precision in the chip's clock. "If you get a drift in the clock you can sound very tired or very elated." Limitations of the chip at the moment are that it can only store a maximum of 20 seconds of speech. But by the end of the year ISD will be selling a 75-second device, says Steve Stephansen, vice president of marketing and sales.

Della Bradshaw



## WORTH WATCHING

by Paul Taylor

### Squeaky wheels get the grease

WHEN a train goes round a curve the wheel flanges, which help hold the train on the track, get worn and typically need refurbishing every eight to 12 months.

Denco, the British lubrication specialist, has devised a technique which extends the lives of rail-wheel flanges by a factor of three or four.

The electronically controlled system, developed in conjunction with British Rail, is fitted to the train and automatically sprays a measured amount of weather-resistant lubricant on to precise points on the flanges of both front and rear bogies.

For environmental reasons the amount of lubricant sprayed each time is very small, limiting the spread of oil from the wheel flange to wheel tread. With a typical distance of 200m between spray operations a train can run for 200,000 kilometres before the 8.5-litre oil reservoir needs replenishing.

British Rail, which hopes to save thousands of pounds a year using the system, has placed an initial order for 30 customised sets. A bonus is that the intrusive squeal from dry wheels running on tight curves should be eliminated, and track wear should be reduced.

### New copier goes back to its roots

TWENTY-FIVE years ago the now ubiquitous plain paper copier was in its infancy. Most offices used a stencil machine to run off multiple copies of documents.

Now a distant descendant of the humble stencil duplicator, called a digital duplicator, is poised to challenge the copier's supremacy. The digi-

tal duplicator is a blend of old and new technologies. It uses a stencil master image produced using scanning technology similar to a fax machine.

The result is a single compact unit in which the original is fed in one end and copies emerge from the other - just like a copier, but with an output of 130 copies per minute. It rivals all but the fastest copiers which cost much more.

The quality of digital duplicating is now equal to, if not better than, that of a copier, and, like its predecessor, produces high-volume copies (anything in excess of 15-20 copies) at a low cost.

Riso Kagaku of Japan, which pioneered digital duplicating, has launched a series of models costing less than £10,000 which will also take input direct from a desktop PC or Apple Mac.

### At home in the Square Mile

CONFUSED by the City? An interactive PC-based program, called Discover the City, is intended to provide newly recruited financial services staff with the opportunity to explore the financial markets and institutions in London's Square Mile.

The user takes the role of a financial magazine research assistant who is set a series of assignments by the "editor". Financial Courseware, developers of the software package which runs on IBM compatible AT machines, claims it will help staff put their own jobs in context, get them quickly up to speed on financial jargon and give them confidence in dealing with projects and clients.

The package, including software and additional teaching aids, costs £1,250.

### Chips come out of cold storage

THE use of CFCs in manufacturing is acknowledged to be one of the prime causes of ozone "holes" in the stratosphere, and many governments have drawn up schedules for their elimination.

Thermo Electron Technologies of San Diego, California, has developed a miniaturised thermoelectric cooling module which employs semiconductor elements in place of CFCs. These are sturdier than conventional cooling units. Potential uses include cool-

ing electronic components in aircraft, air conditioning systems in cars and producing thinner wall-mounted air conditioners for homes.

Meanwhile, NEC of Japan has developed a new technology which aids the examination of integrated circuit (IC) print boards for organic residues after they have been washed with substitutes for traditionally-used CFCs.

NEC claims its technology, which uses filtered light from a mercury lamp, is simpler, quicker and more accurate than earlier alternatives and should contribute towards the evaluation of CFC substitutes in IC production.

### Spreadsheets branch out

BORLAND, the US software group, has launched Quattro Pro 4.0, the latest version of its popular Dos spreadsheet. Among the new features are push-button (mouse-click) "SpeedBar" access to most functions, "Intelligent graphs" and an "Optimizer" feature where users specify a desired goal for a spreadsheet model and the software then changes variables until the goal is reached.

For disorganised PC users OpenSoft UK, the British arm of the US software republishing house, has launched TakeNote for Windows 1.0 in Europe.

TakeNote is a personal file featuring a personal database, address book, contact file, inventory and auto-dialler and costs £69 plus VAT, or £49 plus if purchased before May 31.

### Working in a flower garden

JAPANESE companies are using perfumes in their offices to transform the atmosphere into a flower garden or Alpine pasture in the hope of improving employee performance. According to Shiseido, Japan's largest cosmetics group, the plug-in "fragrance processor" can be adjusted for strength of scent. Refills are needed about once a month.

Contacts: Denco: UK, 0432 27277; Riso Kagaku: Japan, 03 3872 8831; UK, 081 448 1185; Financial Courseware: UK, 071 333 4212; Thermo Electron Technologies: US, 619 578 5353; NEC: Japan, 03 5766 5511; Borland: US, 408 438 8400; UK, 0734 328022; OpenSoft: UK, 081 343 8888; Shiseido: Japan, 03 572 0111.

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## ARTS



'Apollo playing Marsyas' by Jusepe de Ribera, currently in the Naples exhibition

## Cruel master of martyrdoms

Susan Moore reviews the pitch dark world of Jusepe de Ribera

In Poussin's "St Erasmus" the saint's entrails are slowly being winched out of his stomach, but the sky is still blue and martyrdom seems no more troublesome than a visit to the dentist. In Jusepe de Ribera, the prospect of death is not so agreeable. His saints inhabit an urgent, brutal and pitch-dark world in which raking light is the only sign of salvation, and colour is courtesy of burning coals and flayed flesh.

Counter Reformation art was fond of celebrating the sacrifices of the saints, and gory mythologies were common in Renaissance art. In Ribera, as in Titian and Rembrandt, what disturbs is that the protagonists are real people. Ribera's executioners particularly relish their tasks. In his "Martyrdom of St Bartholomew" the colluding grins of the executioners draw one into the mob, which is strapping up the wasted body of the aged Bartholomew, and into the terrifying confusion and crush where snatches of action and disembodied faces loom out of the night. The painting is a tour de force of unsettling diagonal rhythms and of sagging, dry and wrinkled flesh produced by dragging a bristly brush through richly impasted pigment.

It is also informed by an unusual intelligence. Ribera has selected the essential moment of bloodlust. Bartholomew has refused to worship the pagan idol, as it falls to the floor the order is out for him to be flayed alive and the henchmen are busy tying his legs with rope. As all torturers know, the anticipation of what is to come is their most effective implement. Caravaggio offers blood-and-guts violence; Ribera, his closest follower in Naples, has an unmistakable strain of cruelty.

Was the savagery of his martyrdoms simply a reflection of the violence of life in 17th-century Naples, or an indication of a darker, essentially Spanish psychology? Jusepe de Ribera, known as "lo Spagnoletto" - the little Spaniard - is a prolific, energetic artist in many ways. Born in Valencia, he lived most of his adult life in Naples, then under the dominion of the Spanish viceroys. His painting, however, is very much part of the Italian tradition. Precious little is known of his early life or oeuvre, and the range and virtuosity of his mature work is surprisingly unfamiliar to a general public.

His relative neglect stems from the fact that he is either renegade or foreigner to these national schools of painting. His reputation has suffered too from the numerous copies and imitations of his work made during his lifetime, and by the capacity of his vast, tenebrous narratives

to defy reproduction. An opportunity for reappraisal comes at last in the form of an ambitious all-embracing loan exhibition of paintings, drawings and etchings, conceived to mark the 400th anniversary of his birth in 1591. Planned to open in Madrid last October, it instead takes its first bow in the massive 18th-century Castel Sant'Elmo in Naples. The Prado show, which opens in May, is designed to present the "pure" Ribera to the Spaniards, drawing together work primarily from Spanish religious foundations and collections. In contrast, the Naples show includes school and attributed works which makes it more experimental, contentious and, above all, thrilling.

Ribera unfolds along a sequence of the fortress's imposing stone vaulted spaces, the pictures the artist set against brilliant scarlet cloth. There are peculiarities in chronology, perhaps, and some unlikely candidates for the hand of Ribera. Unpleasantness is also due to the spotlighting and to the dramatically varying states of preservation (or lack of) and restoration of the canvases.

Nonetheless, the impact of the scale and conception of Ribera at his best is astounding. There is the compellingly grotesque 2.2m-wide "Drunkard Silenus" where the gross Silenus is lying surrounded by a motley band of horribly naturalistic satyrs and the goat-headed Pan, and the blood-curdling Apollo playing Marsyas. Titius and Prometheus, both in monstrous scale (their poses, like that of St Bartholomew, derive from the Antique statue known as the Dying Gaul) suffer agonies as their innards are torn out by an eagle and a vulture.

From the Prado comes a great Trinity, a Martyrdom of St Philip and The Dream of Jacob. Ribera has a startling gift of characterisation whether painting saints or villagers. Humanity is well observed and detail is ever convincing (another St Bartholomew's assassin holds his knife between his teeth as he uses both hands to tear flesh).

The show reveals that there is far more to Ribera than martyrdoms and mythologies. It presents series of half-length Apocryphal and Philosophical figures illustrating the five senses. There are a few splendid formal portraits, such as the portly bespectacled Knight of the Order of Santiago. Perhaps more unexpected is the tenderness, pure colour and classical repose of the majestic late "Mystic Marriage of St Catherine". Ribera's elaborate signatures sought to

make it clear that he was a Spaniard rather than a native Neapolitan, his nationality encouraging lucrative commissions from the ruling elite. By the 1620s he was in effect the arbiter of taste in Naples. He worked for a succession of viceroys and for the increasingly wealthy church. It was a position he had worked for and aimed to maintain. Along with his friends he operated a sort of artistic Camorra whereby no painter could work in Naples without their consent, and anyone who proved too proficient was hounded from the city.

Guido Reni died after his assistant was wounded in 1621. Domenichino was tormented and finally died, his wife convinced that he had been poisoned. Annibale Carracci was also reputed to have died as an indirect result of the harassment of this cabal. When Stanzione painted a much admired Dead Christ for the Certosa di San Martino, Ribera persuaded the monks to let him lighten it and in so doing ruined it with corrosive liquid. The clergy had no qualms about employing Caravaggio, a murderer, and any number of artists who were known criminals or of ill-repute. There was no correlation between sacred art and the piety of the patrons or painters.

It is tempting to see in Ribera's essentially Italian art a Spanish predilection for horrific martyrdoms, oddities, and for a certain religious sentiment. On the instruction of one of the viceroys, the Duca di Alcalá, Ribera painted his most extraordinary picture, a portrait of Magdalena Ventura with her hemmed husband and son. Nothing strange about that one might say until one notices the Signora's long black beard.

Ribera's inscription tells us that she is 32, and was 37 when she "began to become hairy", and had borne three sons. The artist has made the image as sensational as possible, depicting Magdalena nursing her child and exposing a floppy brown breast of a kind never found in any Madonna.

The Naples venue has an additional advantage of the neighbouring Certosa di San Martino, with its great Pieta by Ribera and series of newly restored frescoes. There is also access to the Chapel of St. Januarius in the Cathedral. The show continues in Naples until March 12, the Spanish version is at the Prado Museum in Madrid, May 30-August 25. A much reduced version of that show goes to the Metropolitan Museum in New York, September 16-November 22.

## The Pocket Dream

ALBURY THEATRE

Charlie Chaplin used to say that all he needed to make a comedy was a park, a policeman and a pretty girl. A short-staffed performance of *A Midsummer Night's Dream* at the Albury finds Mike McShane and Sandi Toksvig reduced to a similar minimalism in their very funny *Pocket Dream*. The play is based on the single idea of short-handed Shakespeare, and has just enough stamina to last the evening.

Shortened Shakespeare is nothing new: the "Skinhead Hamlet" runs to three pages in the *Faber Book of Parodies*; and in the theatre, Tom Stoppard's *Dog's Hamlet* and Caryl Churchill's *Top Girls* are distinctly snoring. What *The Pocket Dream* offers is a cast of five taking on 18 parts and delivering most of the essentials of Shakespeare without ever trespassing on seriousness.

The play starts in crisis; 16 of the cast have repaired to the local pub, the theatre manager has placed the evening's box

office on a greyhound in Cardiff, and the audience (played here by the audience) wants either a show or its money back. The Stage Manager (Sandi Toksvig) and the Front of House Manager (Mike McShane) decide the performance must continue. Add the PE teacher boyfriend (Lee Simpson) of the leading actress (Louise Rix), an overdone leading man (Phelim McDermott) and an ursine stage-hand (Clive Mantle), and high jinks ensue.

The plot follows Shakespeare, but the atmosphere on stage is made so informal by Toksvig and McShane, that the funniest moments of the evening come from watching them get back on terms with the real play. The eyes range from the smug ("I haven't had my legs this wide in years") to the witty ("I have never been so insulted") - "Oh, you should get out more"; there is even space for the Buster Keaton falling wall gag. The set is supposed to be basic provincial repertory, although the artificial grass seems unkind.

However, the show belongs to McShane, the bulk of the evening. From the first unwilling speech wrested from him ("I'm outta here"), he threatens to descend to new levels of anarchy each time he appears.

Toksvig, who co-wrote with Elly Brewer, dovetails the backstage madness into the Shakespeare, manages some lively slapstick as Puck on a trapeze, and strikes up a fine rapport with both McShane and the excellent Clive Mantle.

The audience has a chance to assist in the debacle of Pyramus and Thisbe, principally in the form of sound effects which have the stalls on their feet in an extravagant Mexican lion's roar, the galleries barking and the dress circle waving torches. There are even some lines to be spoken collectively; so if, as Prince Philip reportedly said, one can be forgiven a great deal if one can quote Shakespeare in an economic crisis, then absolutism is at hand in the Albury.

Andrew St George

## Rare operas produced in Lyon and Geneva

All that remains of the dear old Opera building in the centre of Lyon is its four stone walls, which will provide the shell for a new multi-storey theatre complex opening in May next year. The project speaks of a risk-taking spirit, tons of public money and a mission to extend opera's contemporary appeal - just the combination which has helped the Opéra de Lyon to maintain a high-quality profile during these past six years of enforced home insolvency.

The current season includes both Puccini's *Turandot* and Busoni's earlier, German-language opera of the same name, last revived at Wexford in 1988 after a long period of neglect. Perhaps things are beginning to look up for Busoni. After four staged performances in the Auditorium Marcice Ravel, *Turandot* will be commercially recorded together with *Arlene*, which was premiered on the same bill in Zurich in 1917. The Lyon production made just about the strongest imaginable case for the Busoni work.

Staged by Henry Akina and conducted by Kent Nagano, *Turandot* came over as a compact, highly-charged, blockbusting production. Busoni reveals himself as a master-technician: the dramatic structure is taut, the scene-painting swift and punchy. *Turandot*'s three riddles - with more than a musical whiff of the Wanderer-Mime encounter at the beginning of *Siegfried* - are answered by the end of the first act, and the whole show is over in 90 minutes.

The music is a pot-pourri of sounds and styles - neo-Romantic harmonies, oriental pastiche, even some choral variations on "Greensleeves" - none of which lingers long enough to become tiresome. The plot, too, is a bit of a hybrid, largely because Busoni took Gozzi much more to heart than Puccini's libretto. The Chinese antiquity glances as little more than an incidental setting for the marriage of Italian commedia dell'arte to post-Wagnerian music-theatre - a bit like *Ariadne auf Naxos*, but with a pronounced air of tragedy.

This collection of cultures was the key to Ric Schachtel's designs for the Lyon production. The stage - a triangular platform free of the usual proscenium constrictions - was dominated by a pair of expressionist panels, decorated with three

Chinese riddle-motifs and flanked by a sloping rubbish-dump of masks and theatrical accessories. The costumes ran the gamut from oriental black head-dresses to ceremonial morning suits, while Calaf and Turandot looked as if they had dropped in from a 1950s film set. The performance began with an enigmatic (and unnecessarily long-winded) mime. Altom appeared in a wheelchair, the male chorus periodically swarmed onto the stage from trap-doors and the ending was an insouciantly comic anarchy, an operatic Theatre of the Absurd - the approach somehow made dramatic.

Andrew Clark reviews

Busoni's 'Turandot' and

Berlioz's 'Benvenuto Cellini'

sense. Akina, a Hawaiian who directs the Berlin Chamber Opera, gave a sharp focus to the key confrontations and drew strong, feckless performances from everyone on stage.

After briefly doubling as Queen Mother of Samarkand in the opening scene, Karen Huffstodt portrayed Turandot as a fiery, glamorous red-head, singing with ample, steady tone. The elegant young Swedish tenor, Stefan Dahlberg, gave an equally fierce performance as Calaf, in the hands of Emperor Altom, Franz Hawla delivered a brilliant cameo and sang beautifully. Hélène Perraguin was a rather pale Adelm, and Bruce Brewer no longer has the voice for Truffaldino. The choral and orchestral contributions were beyond criticism: Kent Nagano deserves credit above all for capturing the exact, energetic exhilaration of this chameleon-like score.

The new production of *Benvenuto Cellini* at Geneva's Grand Théâtre will not go down as one of the highlights of the season, but it was a courageous stab at an impossible work. The challenge of Berlioz's rarely-staged first opera lies in his chiasm between its intimate opéra-comique origins and its exalted ambition. The only unifying element is the music, a reckless fireball of invention which

demands virtuosity and flouts convention. Thanks to an electrifying performance by the Orchestre de la Suisse Romande under the eminent Berliozian John Nelson, the originality of the score could be properly appreciated - its romantic colouring, its impatient energy, its dazzling profusion of rhythm and cross-rhythm.

But the problems of dramatic structure and proportion remain, as Francesca Zambello's production illustrated all too clearly. Her solution was to explore a vein of comic satire running through the work, bathing it in the visual atmosphere of renaissance Rome. It would certainly be hard to imagine a wittier *Cellini*. The stage was framed in the theatrical parentheses of commedia dell'arte, with a group of mimes discreetly culling the wheels of the plot. John Macfarlane's designs, imaginatively lit by Davy Cunningham, included an ingenious trompe-l'oeil room of cloth walls and flaps for the opening scenes, the farcical overtones of which were exploited to the full. There was also a delicious air of mock seriousness about the papal visitation in the final act.

What the staging lacked was convincing spectacle. The curial, acted out beneath a series of tall wooden gate-frames, was feebly animated and unimpressively sung by the Geneva chorus. The final forging scene hurried and puffed, but looked artificial. In the end, Zambello failed to resolve the split personality of a Falstaffian love story belatedly recast as a parable of heroic artistic struggle. It was hard to treat Cellini's final burst of creativity as anything more than a joke.

The title role was elegantly sung by Chris Merritt, whose bright timbre and high vocal extension brought out the music's Italianate charm. He is rare among his tenor colleagues in never falling to hog the limelight. But his tubby, somewhat camp stage appearance robbed him of the romantic glaze necessary for the part. As Teresa, the Australian soprano Deborah Riedel made a strong impression, singing with clear, expressive tone and acting with a discreet twinkle in her eye as the crusty old bureau-bearer Baldacci and the hapless soldier Fieramosca. Jean-Philippe Courtois and Jeffrey Black very nearly stole the show with their superbly-realised comic double-act.

Andrew Clements

## David Byrne

RONNIE SCOTT'S

A solo appearance before an invited audience armed only with acoustic guitar and a clutch of backing tracks brought David Byrne to London for the first time since Talking Heads were officially consigned to the annals of rock. His early-evening session at Ronnie Scott's on Tuesday was convened nominally to display the wares on his new solo album *Uh-Oh* (Sire), yet seemed just as much a declaration of Byrne's independence now as a performer as well as a song writer. There was the statutory scattering of new tracks, but also some of his back-catalogue, from Talking Heads and a clutch of cover versions.

It was an absorbing, delightfully low-key affair. There is nothing contrived about Byrne's platform manner these days; the big suits and the stylised gestures of the Heads' concerts really have gone for ever. The presentation between the songs was

minimal and almost apologetic, though in performance the vocal role-playing and vehement attack are still summoned at will.

The new material harks back to the sounds and modish shapes of late Talking Heads - to the multilayered *Naked*, especially - though the synthesizers are now mixed with the brassy salsa rhythms of Byrne's Brazilian expeditions. The best of the songs seem as strong as anything he's written for a decade, and he has retained the knack of capping a routine song with a naggingly humorous chorus. Pared down for the concert, one could relish the words more vividly than on the album - in the ironic paean to transsexualism "Now I'm your Mom", the distinctly menacing "Walk in the Dark", or the most Heads-like of all, "Tiny Town". Byrne, one suspects, is a better guitarist than he or anyone gives him credit for, and one

rarely missed the intricate arrangements that cocoon the recorded versions.

Nostalgia aside, the Talking Heads numbers were the least successful part of the show, save for a robust "Road to Nowhere", perhaps Byrne has yet to rekindle his enthusiasm for all that history. The covers, though, were a delightful surprise - numbers borrowed from Wire and the Texas Tornados (his discomfitingly witty "Who were you thinkin' of?") and of all people, Neil Young (a really sharp version of "Rocking in the Free World" wound things up. It certainly provided food for thought. Perhaps Young will now return the compliment and give his version of "Psycho Killer", which really would keep us all awake at night.

## INTERNATIONAL

## ARTS PREVIEW

Two new ballets - one by Britain's senior choreographer, the other by an up-and-coming young talent - will be premiered in London later this month. On March 18, the Royal Ballet at Covent Garden will unveil Kenneth MacMillan's new work, *The Judas Tree*, as part of a mixed bill with two Balanchine works. As principal choreographer of the Royal Ballet, MacMillan has shown himself to be just as much at ease with plotless ballets as with full-length narrative works. The music for this new ballet has been commissioned from Brian Elias, whose *Five Songs to Poems* by Irina Ratushinskaya was performed at the 1991 Henry Wood Proms. The designer of the Judas Tree is Jack MacFadyen, and the dancers will be Irak Mukhamedov, Viviana Duraste and Robert Hill. There will be an initial run of six performances till March 28 (071-240 1066). Two evenings before the premiere of *The Judas Tree*, the Birmingham Royal Ballet opens a two-week London season at Sadler's Wells. They will bring

Peter Wright's production of *Giselle*, together with three mixed bills, including Cranko's *Card Game* and MacMillan's *Elle Sympathise*.

On March 24 (also 25, 26), the company gives the world premiere of a new ballet by Oliver Hinde, who has been with RB since 1987 and made a successful debut as choreographer last year with *Sacred Symphony* (071-278 8916).

New York City Ballet will present a week of new ballets, entitled the Diamond Project (May 27 to 31), during its spring season, which is scheduled to run from April 22 to June 28. Among the choreographers taking part in this inaugural season of the Diamond Project are the company's master-in-chief Peter Martins, Bart Cook, William Forsythe, Robert LaFosse, Miriam Mahdavian and Richard Tanner (870 5690).

Before the NYC season, Béjart Ballet Lausanne visits the New York State Theater for a week of performances from March 25 to 29. Also in the US, American Ballet Theatre will add Ashton's *Symphonic Variations* to their repertoire during their season at Chicago's Civic Opera House from March 17 to 29.

The company then moves to Washington's Kennedy Center for the week of March 31 to April 5 (467 4600).

## EXHIBITIONS GUIDE

**BARCELONA**  
Museu Picasso Picasso: Rose Period 1905-1906, noted for Picasso paintings of harlequins, jesters, acrobats and other circus entertainers. Ends April 19. Closed Mon.

Fundació Joan Miró Art Works: postwar paintings from the Peter Stuyvesant Foundation. Ends March 22. Closed Mon.

Fundació la Caixa Modest Urgell (1839-1919): pre-Symbolist Catalan artist. Ends April 5. Closed Mon.

Altes Museum Degenerate Art: 100 examples of avant-garde art from the 1930s, including the infamous 'Degenerate Art' exhibition of the Nazis. This is the first European showing of an acclaimed exhibition originally mounted by the Los Angeles County Museum. Ends May 31. Also German Expressionists: 120 watercolours and drawings by members of the Brücke, the Blaue Reiter, Kokoschka and others. Ends May 3. Closed Mon.

Musée d'Art Moderne et d'Art Contemporain: an exhibition showing the differences and similarities of style and outlook of 12 artists from Florence and Berlin. Ends April 20. Daily. **Martin-Gropius-Bau The Jewish World:** a major survey of Jewish lifestyle, culture and history around the world. Ends April 26. Daily. **BRUSSELS**  
Musée d'Art Moderne et d'Art Contemporain: the Rivers of Europe: the Rhine, Meuse and Moselle. An exhibition, originating from London's Tate Gallery, focusing on Turner's tours to the Low Countries in 1817, the 1820s and 1830s, and including many little known watercolours. Oil paintings, sketchbooks and colour studies are included, newly identified and dated by Cecilia Powell. Ends April 30. Closed Mon. 21 rue Jean Van Voiseim, tel 511 5041. **FERRARA**  
Palazzo del Diamanti Claude

Monet: 30 paintings from Monet's house at Giverny, lent by the Marmottan Museum in Paris. The March 22. Closed Mon.

Monet by Friends such as Delacroix, Pissarro, Manet, Boudin and Berthe Morisot. Ends May 15.

**LONDON**  
Barbican Van Gogh in England: the exhibition focuses on the years 1873 to 1876, and examines the impact of Van Gogh's stay in England on his later drawings and paintings. Ends May 4. Daily. Tate Gallery Brice Marden (b New York 1938), leading contemporary painter-engraver. Ends June 21. Also Turner: watercolours and drawings 1830-1840. Ends May 10. Daily. **Hayward Gallery Doubletate:** 23 contemporary artists explore the theme of collective memory. Ends April 20. Daily. **Institute of Contemporary Arts** Ian Hamilton Finlay. Ends April 5. Daily. **National Gallery Raphael's Madonna with the Pinks:** first public display of a painting probably made in 1508. Ends March 29. Daily. **Royal Academy of Arts Andrea Mantegna.** Ends April 5. Daily. (Tickets can be booked in advance on 071-287 9579).

**NAPLES**  
Castel Sant'Elmo and Certosa di San Martino Jusepe de Ribera (1591-1652): major retrospective of one of the finest baroque painters, who left his native Spain aged 19 for a lucrative career in the service of the Spanish viceroys and church authorities in Naples. Among the 150 paintings and drawings are masterpieces from the Metropolitan in New York, the

Prado, the Hermitage and Louvre. Local works include paintings done specially for the church of the Certosa di San Martino, newly restored for the occasion. Ends May 17. Daily (09.00-20.00 Mon-Sat, 09.00-13.00 Sun).

**NEW YORK**  
Brooklyn Museum Arman (b1926): the works of the French-American avant-garde artist. Ends April 25. Closed Mon and Tues. **Metropolitan Museum of Art** Barbizon: six masters of the French 19th century school of naturalist landscape. Ends May 3. Closed Mon.

**Museum of Modern Art** Allegories of Modernism: contemporary American and European drawings. Ends May 5. Also the William S. Paley Collection: works by Cézanne, Gauguin, Degas, Picasso, Matisse and others. Ends April 7. Closed Wed. **PARIS**  
Grand Palais Toulouse-Lautrec. Ends June 1. Closed Tues, late opening Wed. Tickets can be booked by phone on 4804 3886 and by fax on 4274 3069 (ave du Général Eisenhower, metro Champs-Élysées, Clemenceau). Musée des Antiquités nationales The Stuart Court at Saint Germain en Laye at the time of Louis XIV: paintings dating from the French exile of James II and the Old Pretender. Ends April 27. Closed Tues (Château de St Germain en Laye, more information on 3451 5365).

**Fondation Mona Bismarck** Masters of the Goodwood Collection: mainly 18th paintings and objects d'art, including works by Van Dyck, Reynolds, Stubbs and Canaletto. Ends March 22. Closed Sun (34 ave de New York).

Galerie Odeum-Cazeau Germaine Richier (1902-1959): spindly figures by the sculptress Germaine Richier. Ends April 25. Closed Sun.

**Musée des arts décoratifs** René Lalique: art nouveau goldsmith and artist in glass. Ends April 5. Closed Tues (107 rue de Rivoli).

**Musée des Arts de la Mode** Elegance and Fashion in 18th century France. Ends March 31. Closed Mon and Tues (107 rue de Rivoli). **ROME**  
Palazzo degli Esposizioni Invisibili: an unusual exhibition of objects taken from the bowels of Roman museums and historic villas, normally hidden from public view. It includes some beautiful pieces of Roman art, mainly from the Capitoline museums (450 of their 80,000 objects are on show), musical instruments from the museum which has space to display only 840 of its 2,500 instruments at any one time, and exquisite 17th century Murano glasswork from the Museo Artistico Industriale, which has been closed for the last 30 years. Guided tours to collections of difficult access are being offered until April 22, bookable at this exhibition. Ends April 12.

**St Peter's (Braccio di Carlo Magno)** The Work of Man: from Goya to Kandinsky. Organised by the Biblioteca Apostolica Vaticana to mark the centenary of Leo XIII's encyclical *Rerum Novarum*, the exhibition offers 100 paintings, mainly from the 1850s up to the Second World War,

describing the impact of the industrial revolution on society and the new kinds of poverty it produced. Some splendid works, including Picasso's *Boulevard Montmartre* and Picasso's *Factory at Horta de Ebro* from the Hermitage, as well as a large group of shamelessly sentimental paintings from the 1890s. Ends April 26.

**Palazzo Ente-Eur Inca Pazzi:** Rites, Magic and Mystery. 350 objects from museums in Peru, US and Europe dating from 1500 BC up to the Spanish conquest. Ends April 12.

**STOCKHOLM**  
Nationalmuseum Carl Larsson: bicentenary tribute to one of the leading figures in 19th century Swedish art. Ends May 10. Also the Empire Style in Sweden: early 19th century paintings, bronzes and interiors. Ends March 29. Closed Mon. **Moderna Museet** Lee Jaffe (b1950): 20 objects by the multi-media artist from the Bronx. Ends March 29. Closed Mon. **National Museum of American Art** Between Home and Heaven: contemporary American landscape photography. More than 100 works using traditional and experimental techniques to reconsider Americans' relationship to their natural landscape. Ends June 28. Daily. **National Gallery of Art John Singer Sargent's El Jaleo:** this early masterpiece (1882) is shown alongside related paintings and drawings, tracing Sargent's evolution of the Spanish dance theme. Ends July 5. Also Gerard David's *St Anne Altarpiece*. Ends May 10. Daily.



## FINANCIAL TIMES

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## Mr Kohl goes to Washington

WHEN HELMUT Kohl goes to Washington in a couple of weeks, he will do so as leader of Europe's most powerful country, as chairman of the Group of Seven leading industrial countries and, not least, as a politician who is not facing an imminent election. These assets will not make him more popular with his hosts. They will merely make them more demanding.

Leading Washington columnists are now writing of Mr Kohl's country as "economic enemy number 1", along with France. Mr Jürgen Müllemann, his economics minister, can readily tell Mr Kohl why. Many Americans believe that he has failed to deliver on promises of support for the Uruguay Round given at G7 summits. They complain that he places German farmers, his own obdurate farm minister, Mr Ignaz Kiechle, and, not least, his friend, the beleaguered François Mitterrand, above both his promises and his country's wider economic interests. Nobody expects constructive contributions from Mr Mitterrand's France; but they expect more from Mr Kohl's Germany. If Mr Arthur Dunkel, the GATT director general, expected the Draft Final Act of the Uruguay Round proposed last December to bring about completion of the round by Easter, it now seems he will be disappointed. The complex negotiations over market access in manufactures, in agriculture and in services have many hurdles to jump. More important, matters of fundamental principle – largely in agriculture – need to be resolved. Like many before, the Easter deadline looks like being passed.

## US protectionists

Some will ask whether this matters. The end of the Uruguay Round may, like the Italy sought by Virgil's hero Aeneas, disappear into the distance. Yet the world goes on. The American administration may even prefer not to put the final results to Congress before the election. Protectionists may not have swept the board in the presidential primaries, but congressmen will still stand up for local interests. So why not negotiate for a while longer? With the round bound to be caught up in the American

## Pie in the sky in Rio

IT WILL be a miracle equivalent to the saving of Noah from the Great Flood if this summer's Earth Summit in Rio de Janeiro achieves its organisers' aims. The enormous gathering of politicians, officials and green campaigners must overcome two severe handicaps. It is being hijacked by the Third World, and it lacks the full support of the United States. This is not to say that its timing is wrong. In theory, it should reflect both the rise in popular concern about the environment and the huge re-ordering of political priorities that has followed the ending of the Cold War. As such, it represents an opportunity to identify some of the most pressing issues facing the world.

Yet the final preparatory meetings now taking place in New York are not encouraging. As matters stand, this much-trumpeted event will do little more than add to the hot air which is already generating many worries about the world's climate. The coming weeks will need some rigorous work by the organisers if Rio is to produce results.

This is partly due to the enthusiasm with which the summit's backers have thrown themselves into the task. Just about every issue from the ozone layer to the ocean depths has been put on the summit agenda; as a result, the plan of action that participants will be asked to sign runs to many hundreds of pages. The amount of cash being demanded to support these voluminous proposals – over \$100bn a year – is totally unrealistic.

## North-South balance

It is easy to see where the money would go. The preparatory work has been increasingly dominated, not by environmental questions, but by the problems of the poorer countries: their backwardness, the inequalities of the North-South balance, the barriers to development. These are legitimate issues, since poverty is as much a source of pollution as industrialisation.

But the Summit must not permit itself to be waylaid into treating the troubles of the developing world as if they were central to the world's environmental problems. The

election campaign, with frictions certain to grow in many areas of trade, the Uruguay round already looks a poor bet. The longer it continues the worse becomes the bet. A never-ending negotiation now looks as likely a fate for the Uruguay Round as eventual success. But breakdown looks more likely than either.

## Agricultural concessions

What makes delay so depressing is that an agreement no longer seems impossible, even in agriculture. But the alternative notion, that agriculture can be put to one side, should be forgotten. Too many countries regard agricultural liberalisation as the main benefit of the round. They will not accept deals elsewhere without concessions on agriculture.

At present, the ball is in the European Community's court. It is no use for the EC to complain about the grandiose American demands for complete liberalisation. These disappeared as soon as the EC came up with an offer. In the autumn of 1990, the problem now is that the EC says it wants changes in the text presented by Mr Dunkel. But the EC has been unable to agree on the changes it wants.

The failure to make these demands reflects the EC's stalemate over reform of the common agricultural policy. The obstacle, as always, is the farm ministers. It is ludicrous that the EC's position on a matter which vitally affects its own future and its relations with the rest of the world should be decided by agricultural backwoodsmen. What is needed, instead, is involvement by EC heads of government.

Since another failure would damage both Mr Bush's domestic credibility and American attitudes to its main trading partners, a G7 summit would be too risky. The first step is, in any case, an EC agreement on the linked issues of CAP reform and the Uruguay Round. When Mr Kohl goes to Washington he should be able to tell his hosts that not only has a meeting of EC heads of government been called, but that he will put his formidable weight behind the outcome his hosts want and the world needs.

purpose of the gathering is to lay the groundwork for sustainable growth – that is, to permit the world economy to advance without ruining the environment. These are, at present, matters for the industrialised nations whose wasteful habits have caused the greatest damage. The richer countries are central to the debate. They may be obliged to pay off poorer countries faced with heavy clean-growth costs, although not to the extent of \$100bn. They must show by example that environmental good practice need not inhibit economic development.

## Narrower focus

The Summit would stand a better chance of succeeding if it narrowed its focus to a few important issues, and used the spotlight of Rio to bring pressure for action in these areas. For example, it could attempt to break the deadlock among industrial countries over energy policy. At the moment, no single country wants to introduce tough fiscal or regulatory curbs on its own. The US is the most reluctant on any terms. Its presidential campaigners might respond to its environmental movement in this election year.

Another practical aim would be to devise a more sensible global regime for trade in agricultural goods. The absurd subsidies which cause widespread overfarming but also prevent poorer nations from exporting their produce have a profoundly damaging effect on the natural environment. The Summit could give a fresh impetus to the issues that have become deadlocked in the GATT.

A third goal might be to create a clearing house for environment-friendly technology. If Third World aid is to be an aspect of the Summit, the richer nations might consider additional ways by which this technology could be transferred to the less well off. The Summit will fail if it does not adopt a businesslike approach to matters which are all too often coloured by emotion allied to special interests. The future of the planet is a serious matter. It requires a serious international forum where the right priorities can be established.

## BUDGET '92

Budget on March 10. Barring an unexpected and surely self-destructive last-minute attack of the dithers by Mr John Major, the prime minister, Mr Lamont's speech will effectively launch the campaign for the general election that is expected on April 9. The Budget itself will become part of the Conservative manifesto and so compete for electoral support with rival budgets from Labour and the Liberal Democrats. Besides salvaging the battered political fortunes of the chancellor and his party, it must also offer a credible prospect of lifting the UK out of the longest recession since the second world war.

Given the bleak economic background, Mr Lamont has fared moderately well through a notably porous pre-Budget purdah. He and other Treasury ministers have joined in the party rough-and-tumble while coyly ducking questions relating to the Budget. Meanwhile, the pre-election campaign has allowed speculation to run riot about what the chancellor might or might not do on the big day, conveniently anaesthetising the reservations of financial markets.

It would have been a brave soul who forecast a tax "give-away" of £2bn when the chancellor began his Budget planning just two months ago. Now talk of a fiscal boost of between £2bn and £4bn is commonplace, and the Treasury is cautious by some. After speculation that the Budget deficit or Public Sector Borrowing Requirement (PSBR) could soar from about £12bn this year to £30bn in 1992-93 – some 5 per cent of gross domestic product – the Treasury has anything between £24bn and £26bn will leave the markets unfazed.

But while the chancellor's financial room for manoeuvre has grown, he probably has less scope for action politically. The Labour party's charge that he is planning to "borrow to bribe" voters appears to have struck a chord with the electorate and won back some of the ground lost by Labour to the Conservatives in January when Mr Lamont launched an attack on Labour's plans to tax higher income earners. It can have been no comfort to the chancellor and his advisers that a Thatcherite and Tory monetarist economist, Sir Alan Walters and Professor Patrick Minford, has also castigated the idea of borrowing more to finance tax cuts.

So Mr Lamont will have a lot of dragons to slay when he delivers his speech. His cabinet colleagues will be expecting what one minister this week called a "Budget for victory". The chancellor's appeal to the voters must manage to draw the sting of Labour's own shadow budget, which is due for publication the following week, and quell the anxieties of Thatcherites and Tory monetarists. It must also satisfy financial markets, and

Tory hopes hinge on next week's Budget, writes Peter Norman  
Dragons still to slay

offer them a convincing intellectual justification for next year's sharply increased PSBR and high borrowing in later years, if, as expected, the government's previous goal of balancing the Budget over the economic cycle no longer is sustainable.

Britain's membership of the European exchange rate mechanism and the convergence rules attached to the Maastricht Treaty on Economic and Monetary Union have greatly eased Mr Lamont's task in making his financial judgment for the Budget.

The constraints imposed on interest rate reductions by the ERM and Germany's tight credit-money policy have been matched by a growing tolerance of fiscal activism in financial markets. As a result, PSBR projections that would have shocked the City when sterling was a free-floating currency have left the market for government gilts-edged securities largely unruffled and protected the pound from speculative assault through the pre-Budget period.

However, the chancellor will be aware that markets are fickle. Although he may be able to drop or fudge the government's balanced budget commitment, the City will be anxious that he does not erode the government's revenue base in future years. Drawing the line between and profligacy

and prudence will still require careful judgment. In his assessment of the economy, he must decide whether his Budget can continue to be based on expectations of economic recovery – albeit delayed – or whether Britain is facing something more serious than a cyclical recession, such as a depression triggered by the accumulation of debt in the 1980s. He knows that the Budget will come too late to have any direct effect on the economy by election day. But his speech must offer a plausible path out of the recession.

Although Mr Lamont was mistaken a year ago in believing that the economy would pick up from mid-1991, there is nothing to suggest he has revised his belief that the ingredients of recovery are in place. Indeed, lower bank base rates and a sharp 8.6 per cent jump in general government expenditure planned for 1992-93 mean that the government's policy stance has eased substantially since Mr Lamont's first Budget. Recovery now lies largely in the hands of the consumer, who, if in work, is benefiting from low inflation, modest real wage increases and falling mortgage rates.

Of more immediate importance will be the Budget's political judgment. That will determine whether Mr Lamont will enjoy a niche in history

and an honourable place in the Conservative pantheon or be blamed for defeat at the polls.

With the Budget set to become part of the Conservative election manifesto, he must choose whether to emphasise the differences between Conservative and Labour economic policies or appeal to as broad a cross-section of voters as possible.

The mood of the electorate is a problem. Neither the Tory campaign against Labour's tax plans nor the flood of news stories pointing to income tax cuts in the Budget appear to have caused any great enthusiasm for tax give-aways. Mori poll in last week's Sunday Times found that 69 per cent of the electorate would prefer Mr Lamont to spend more on public services against only 26 per cent who wanted tax cuts. When asked which tax cuts people would prefer, an overwhelming 72 per cent favoured what would be a humiliating reversal of last year's increase in VAT to 17.5 per cent from 15 per cent. Nearly 60 per cent backed a big increase in tax-free allowances rather than a cut in the basic rate of income tax from 25 per cent.

On the other hand, the Conservatives suffered no electoral damage from lowering the burden of income tax in their two previous pre-election Budgets in 1983 and 1987. The obvious conclusion is that voters are more altruistic when talking to opinion pollsters than when filling in their ballot papers.

Taken together, the financial, economic and political background to the Budget points to a balanced package of tax cuts rather than a radical Budget that could offend as much as it might please. Although Mr Lamont is a more unpredictable politician than his downbeat public image might suggest, the record of his chancellorship and his own instincts and convictions will tell against any package that is overly risky.

These factors and fears of eroding the tax base would count against anything as radical as two pence off the basic income tax rate or permanent increases in depreciation allowances to boost investment.

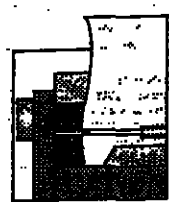
The motor industry has some claim on the chancellor's generosity because last year's Budget extended employers' national insurance contributions to company cars with effect from July this year, in a move that will boost government revenues by £550m in 1992-93. But one penny in the pound off the basic rate of income tax, some increase in income tax allowances by more than the statutory 4.5 per cent increase, and temporary help for businesses, most probably through easing the burden of the uniform business rate, look the most likely give-aways, offset in part through higher excise duties on alcohol and tobacco.

In this health-conscious age, the government can probably escape serious electoral damage from a Budget day assault on beer and tobacco. And Mr Lamont is sure to have other fiscal lollipops up his sleeve. One strongly tipped possibility is a national lottery. Another may be help for Britain's hard-pressed film industry, which, if nothing else, would give the chancellor some flattering photo-calls between Budget and election days.

## PERSONAL VIEW

## The wrong type of relief

By Judith Freedman



Extending tax relief for childcare must be a real temptation to the beleaguered chancellor. The logic seems obvious. A shortage of labour and skills is predicted, despite the recession. Many women with young children wish and/or need to engage in paid work, but have difficulty in obtaining good, affordable childcare. Childcare costs must be paid out of taxed income with the added effort that tax and national insurance must also be paid by the carer. Where enlightened employers provide childcare it is taxed as a benefit in kind in the hands of the employee, unless it falls within the restrictive conditions applying to workplace nursery relief. All considerations seem to point towards an extended relief.

The politically correct view follows this "logic". Its proponents are vociferous and influential. A recent Gallup poll showed that 91 per cent of voters favour tax relief for childcare. Yet the logic is spurious and the concentration of effort on the case for tax relief a distraction from issues of low pay for women and inadequate public provision for children.

Extension of the existing anomalous relief would produce further anomalies. Where the chancellor drew the line, he would be accused of being unfair. Confining relief to employer-provided or assisted care, administratively the most practical approach, would raise a clamour from the self-employed and those not receiving assistance from employers. Extension of relief to all childcare costs would be greeted by calls from other equally deserving carers, such as those caring for elderly parents. Unpaid mothers caring for their own children would also claim their due.

What of the grounds for tax-deductible childcare? First, equity. A parent with responsibility for a child incurs a necessary expense on childcare, which must be paid before any profit is made from earnings. This expense should be deductible. It is argued, like other costs of earning.

However, many essential expenditures are not deductible, travel and clothing being prime examples. This is not just some quirk of the tax system. The legislative requirement that deductible expenditure must be incurred wholly and exclusively in connection with work done contains claims in a practical way.

Instead of a free-for-all, with each taxpayer claiming as much as he can get away with, we have a system of personal allowances that helps every taxpayer to meet this type of

expenditure. A system without limits on deductibility of expenditures would benefit the wealthy more than the poor. Similarly, full tax deductibility for childcare would favour those using the most expensive type of carer, though more than two thirds of employed parents of pre-school children rely on relatives. Nannies would still be totally out of reach for many.

For these reasons, any general childcare deduction would have to be capped. This would, in fact, be the first step to a standard deduction for all parents. At present, parents without earned income cannot use their non-transferable personal allowances, unless they have investments. On the other hand, the benefits of their unpaid labour are taxed. The current system is, therefore, probably as fiscally neutral as possible. To introduce tax relief for childcare expenditure, without assistance for parents at home, would upset this balance. A much better way than a standard deduction for all parents is to increase child benefit, which has the added advantage of being of value to non-taxpayers.

This solution makes no concession to those who argue that the tax system should provide a work incentive, but they are on sticky ground. If the demographic predictions are correct, fiscal incentives should be unnecessary. Employers will need women in the workforce and will have to pay them accordingly. Tax subsidies for childcare will only undermine market pressures. Assistance for women in the workforce would be far better directed at training and other specific areas of need, rather than being spread across all working mothers, many of whom would return to work in any event.

Finally, there is the question of supply of childcare, which is the strongest argument for workplace nursery relief. But the history of this relief shows that supply issues cannot be kept separate from questions of equity. It is not possible to ring-fence a relief for employer-assisted childcare and expect this fence to hold up against the inevitable pressures from those excluded. If provision of childcare is the objective, there are more direct and less inequitable ways of achieving this.

Extending tax relief for childcare could win Lamont short-term acclaim; temptation, indeed, just now. But if he believes he will be around to deal with the consequences, he should think hard before he goes any further down this road.

The author is a senior research fellow at the Institute of Advanced Legal Studies

## Sterling characters

■ The fact that central bankers rarely appear in the real world does not mean they can't be just as bitchy as the rest of us. Any reader who doubts it need only peruse the 800-plus pages of John Forde's up-date of the Bank of England's official history.

True, it covers only the 17 years to 1988 and concentrates on the Bank's role in policy-making. But astute use of the index, concentrating on "character and abilities", throws up some gems.

Take Sir George Bolton who went on to be chairman of the Bank of London and South America. Although he was a font of imaginative ideas on all questions within – or indeed without – his parish, Bolton's judgment was at times erratic and over-influenced by his personal opinions.

Writes Forde who, like Bolton, is a former Bank executive director. Then there was chief cashier Percy Beale who was "widely considered arrogant" and packed off to India because he was too obstinate to make it onto the Court. Lucius Thompson-McCauley, a long-standing economic adviser nicknamed Lucifer, liked nothing better than constructing ingenious schemes using variables such as "labour" and "tax" money.

Even Roy Bridge, the Bank's famous foreign-exchange dealer, is mentioned in dispatches for the "almost clinical interest in good food and wine" which he picked up on his frequent foreign trips defending the pound.

But perhaps the most poignant note refers to the farewell dinner for Montagu Norman after the Bank was nationalised. Although he had dominated the Bank for 22 years, all that Britain's most famous central banker could think to put in his diary was "Bk. Goodbye dinner."

The only clue to the sadness

## OBSERVER

Norman must have felt was a subsequent confession he had written for Jacobson of the Bank for International Settlements. Asked whether the nationalised Bank of England was still the same place, Norman replied: "They try to pretend it is."

## Expert view

■ The rehabilitation of ex-Guinness boss Ernest Saunders continues apace. The British Institute of Management is the latest to give a helping hand.

Along with 31 chief executive Ewen Macpherson and Barclays Bank deputy chairman Humphrey Norington, Saunders is billed as among 30 "top managers" due at a BIM seminar on Monday.

His topic is business ethics, and he is apparently going as a guest of the Legal Protection Group.

## Niefarious?

■ The 64-year-old boss of Daimler-Benz Edzard Reuter may be staying another two years beyond his official retirement date, but it is all change at vehicle subsidiary Mercedes-Benz.

With Reuter under until end-1995, one person ruled out as his successor is the combative Werner Niefier, Reuter's deputy and head of Mercedes-Benz. Now with an honorary professorship and two honorary doctorates under his belt, Niefier began his career at Daimler aged 15 as a tool-making apprentice. But he has tripped more recently, not least as the result of an incident in Italy when he injured a German woman tourist whilst at the wheel of a Mercedes bus.

Niefier, 63, goes at normal retirement age next year, making way for the suave



self-confident 55-year-old Heinz Werner, now head of trucks, as his successor and probable Reuter replacement.

Niefier's consolation, it seems, is to pick his successor's senior colleagues. The supervisory board yesterday formally approved Bernd Gotschalk, who at 48 heads the Brazil operation, to replace Werner, and Dieter Zetsche, just 38 and president of Daimler's US truck company Freightliner, to take over as head of car development. Mercedes was strongly hinting that Niefier, "in the interests of continuity", had got the very men he wanted.

Maybe Werner will have to wait to rise one step further for his own wish list.

## Telephony war

■ Des Wilson, election-campaign manager for Britain's Liberal Democrats, was in chipper mood when unveiling yet another electioneering poster even though his party's advertising budget is only £1.5m or so against Labour's £8m and the Tories' £20m. The Lib Dems' money

will go farther, he claimed, not least because the likes of Conservative chairman Chris Patten travel first-class on the railway whereas Wilson goes economy.

His main worry apparently lies in the ubiquitous mobile telephone. During the 1987 election campaign, he said, politicians of all colours were plagued by journalists who asked questions, then phoned the answers through to follow back elsewhere who promptly put other politicians of the same party on the spot.

Wilson quotes former Liberal MP John Pardon as saying to a couple of bodyguards in a previous election: "Forget the assassins. Just shoot the next journalist who comes close with a mobile phone."

## Expensive ferry

■ Remember what happened to Lord Home of the Elgin when he took a bunch of analysts on a weekend skiing trip to Austria last year? The share price subsequently underperformed the market by 97 per cent, the chairman and chief executive quit, and the nearest thing one can say about the company currently is that it is "distressed".

Well, it now seems that Trinity International, publisher of the Liverpool Daily Post and Echo, has booked Concorde to ferry another party of "independent" analysts the 225 miles from London to Liverpool so they get to next month's Grand National on time. An embarrassed PE man warns Observer not to jump to conclusions. Trinity is a picture of financial health and Concorde was flying to Liverpool anyway.

Of course.

## Back chat

■ If camels with two humps are Bactrians, and those with one are dromedaries, what do you call a camel with none? Humphrey.

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Weekend FT

Saturday March 7













## INTERNATIONAL COMPANIES AND FINANCE

## Credit rating agencies may downgrade Barclays

By Simon London in London

BARCLAYS Bank, the UK's biggest bank, is expected to lose its AAA rating for long term deposits, following the decision yesterday by two of the world's leading credit rating agencies, Moody's and IBCA, to review their ratings of the bank.

The AAA rating is the highest possible and is only given to the strongest banks. Only Barclays in the UK had retained its premium rating, its nearest rival, National Westminster, has a AA plus rating.

When the agencies put a bank's rating under review, it is very rare that the bank retains its original rating. "Barclays is going down to AA plus," predicted an analyst yesterday.

Moody's and IBCA are among the world's leading rating agencies. The other leader, Standard & Poor's, downgraded Barclays to AA plus a year ago.

It would be particularly embarrassing to Barclays to be downgraded by IBCA, since it is the leading European based rating agency.

IBCA said the decision to review Barclays' debt rating followed analysis of its full year results, unveiled on February 26, which showed a 30 per cent fall in pre-tax profits to \$535m and a sharp increase in loan loss provisions.

The agency conducted a similar review last year but decided to maintain the top rating on the grounds that economic recovery would cut

domestic loan losses. However, the upturn did not arrive.

Mr Robin Monro-Davies, IBCA managing director, said Barclays' costs were running at a higher level than some of its rivals. Its ratio of costs-to-income, a key measure of productivity, rose to 67.8 per cent, up from 65.7 per cent in 1990. The cost-income ratio of the other three English clearing banks fell last year.

Moody's said its review would focus on the impact of Barclays' loan book and also on the strength of its balance sheet. In 1991, Barclays made provisions of £1.76bn to cover the risk of losses on loans. Only National Westminster suffered a bigger bad debt charge.

## Earnings at Heineken rise 12% as sales slip

By Ronald van de Krol in Amsterdam

HEINEKEN, the Dutch brewer, posted a 12 per cent rise in net profit in 1991 in spite of a drop in the volume of beer sales caused in part by the Gulf war.

A stronger second half helped lift Heineken's net profit before extraordinary items to Fl 409.7m (\$231.5m) from Fl 365.7m in 1990. In the first half, which bore the brunt of the Gulf war impact, net profit had risen by less than 1.8 per cent.

Heineken said that the higher-priced premium segment of the European beer market and the low-alcohol segment had suffered less from last year's difficult conditions than the overall beer market. This accounts for the fact that sales proceeds showed a rise even though volume sales fell.

Turnover was up 5.9 per cent at Fl 8.2bn. Heineken declined to give a figure for volume sales, saying that this would be published in its annual report on April 2.

The lower level of sales compared to 1990, resulting from bad weather and the consequences of the Gulf crisis in the first half of 1991, could not be fully compensated for in the remaining part of the year, Heineken noted.

Operating profit rose by 19.2 per cent to Fl 729.9m, outstripping the rise in net profit, which was held back by an undisclosed "considerable rise" in taxes.

Heineken also booked a net Fl 33.2m in extraordinary profits in 1991 stemming from the sale of land in Singapore. A roughly similar amount in extraordinary gains from the same land disposal is forecast for 1992.

As expected, Heineken left its dividend unchanged at Fl 3.50 per share but announced a one-for-four distribution of bonus shares to shareholders. Heineken distributes bonus shares out of its revaluation reserve every three to four years. Its last bonus issue was in 1989.

## Ladbroke annual profits decline 29% to £210.4m

By Jane Fuller in London

REDUCED property values and a decline in betting-shop income lay behind a 29 per cent fall in annual pre-tax profit, to £210.4m (\$370.5m) from £298.5m, at Ladbroke Group, the UK leisure concern.

The early months of 1991 were marked by warnings from Mr Cyril Stein, chairman, that the Gulf crisis had wiped out first-quarter profit in the Hilton International hotel chain. He was rather more upbeat about the start to this year.

Ladbroke, which raised £464m in a rights issue in August, was also affected by recessions in the UK and US, with the property division the worst hit. It fell into loss after the interest of £12.4m, compared with £45.2m profit. Most of the turnaround was accounted for by write-downs in values. A small profit was made in the second half through sales.

Group operating profit declined by 15 per cent to £312.2m on flat turnover of £3.79bn. Interest charges, including a supplement for convertible bonds, rose to £101.8m from £69.4m. There was a compensating reduction in capitalised interest to £34.1m, from £70.5m, as projects were completed and let.

Hotels remained the group's biggest contributor to operating profit at £183.8m, more than £10m down on 1990, with turnover reduced to £758.1m. The figures were helped by £43.7m, against £20.8m, of profits from hotel sales.

Operating profit from Ladbroke's betting businesses fell by 30 per cent to £64.5m on turnover of £2.25bn, against £2.3bn. The main area of weakness was credit betting, which had suffered a "loss of high-staking punters".

The star performer was Texas Homecare, the DIY chain which is second to Kingfisher's B&Q. Retail operating profit rose 20 per cent to £47.5m on sales of £552.5m. Mr Stein said Texas increased its market share to about 25 per cent of the DIY superstore sector and improved its margins.

Net debt, benefiting from the issue proceeds, fell to £1.12bn, from £1.49bn, and gearing was 38 per cent. Capital spending came down to £220m from £490m, with £180m planned for this year.

Writedowns in property and hotel values taken straight to the balance sheet amounted to £18.2m and £56.2m respectively.

After a final dividend of 6.25p, the total rises 5 per cent to 11.15p. This is 1.4 times covered by earnings per share of 16.12p, down from 24.45p. See Lex 18

## SAS stays in red with SKr1.2bn deficit

By John Burton in Stockholm

SCANDINAVIAN Airlines System (SAS) yesterday reported a pre-tax loss of SKr1.2bn (\$198m) for 1991, the second straight year it has suffered a deficit following its loss of SKr700m in 1990.

The loss reflected extraordinary costs associated with a restructuring programme as well as a write-off of its involvement in the Inter-Continental hotel chain. SAS made a small operating loss of SKr5m before extraordinary costs against a profit of SKr35m in 1990.

But Mr Jan Carlzon, SAS president, expressed confidence that SAS could return to profitability this year if it succeeds with its cost-cutting programme, which includes eliminating 3,500 jobs by this summer.

The carrier confirmed it had reached a preliminary agreement to sell back its 40 per cent stake in Inter-Continental to the hotel chain's controlling shareholder, Saison Holding, part of the Japanese retail and leisure group.

Mr Carlzon said the airline has lost between SKr1.5bn and SKr2bn from its unsuccessful attempt to expand its hotel operations after it purchased the stake in Inter-Continental from Saison in 1989 for \$500m.

The hotel venture was part of Mr Carlzon's strategy during the 1980s to transform SAS into a complete travel company. But the SAS president decided last year to concentrate on airline operations as passenger traffic dropped in response to the Gulf War and the recession.

However, SAS will acquire principal ownership of three European hotels from Inter-Continental, including the Portman in London, the Dusseldorf Inter-Continental and Cologne Inter-Continental, which will be added to SAS's own hotel chain.

The write-off of its shares in Inter-Continental as well as the bankrupt US carrier Continental Airlines amounted to SKr1.2bn, which helped increase one-time restructuring and extraordinary expenses for SAS to SKr1.9bn.

## Preussag holds ground as sales slip

By Quentin Peel in Bonn

PREUSSAG, the German steel, trading, energy and metals group, which took over the Salzgitter state steel company at the end of 1989, continues to confound the sceptics and report "satisfactory" prospects for the current year.

The company intends to maintain its 1990-1991 dividend of DM10 per share this year, in spite of a downturn in sales of some 7 per cent in the first four months, said Mr Ernst Pieper, chairman.

Group net profit in the last financial year, to September 30, reached DM425m (\$254m) on

sales of DM25.46bn, the company said, in excess of the DM400m forecast last December. Net profits on the first four months of the current financial year stand at DM130m, similar to the level in the same period one year ago.

"Individual units within the group face difficult economic conditions this year, but they have a good competitive position compared to other players in their markets," according to the annual report. "That is why we are optimistic about overall developments, and expect to generate another

good result for the group and the parent in 1991-1992."

Mr Pieper said the sales figure of DM7.25bn in the first four months reflected lower prices for steel and non-ferrous metals. However, the diversification of the group had contributed to the relatively stable result.

Last year the company benefited from the strong growth in the German economy. Badly hit was the group's 51 per cent owned subsidiary, Metaleurop SA, which registered a loss thanks to the 29 per cent fall in lead and zinc prices.

## VW steps up Mexico output by 60%

By Kevin Done in Geneva

VOLKSWAGEN of Germany, the leading European car maker, is increasing its production capacity in Mexico by more than 60 per cent. Mr Carl Hahn, chairman of the VW management board, said that the capacity of the group's Mexican subsidiary would be increased to 350,000 from 240,000 cars a year by 1994.

VW is making Mexico its sole production source for the

supply of its Golf range of small family cars to the north American market. Mr Hahn said the group was seeking to make the supply of Golf cars to the US independent of exchange rate fluctuations between the D-Mark and the US dollar.

In the first two months of the year the VW group increased its sales of Volkswagens, Audi, SEAT and Skoda

vehicles by 6 per cent to 558,000, said Mr Hahn. Vehicle sales in Europe also rose by 6 per cent to 413,000. New orders for VW and Audi cars were at a record level at the end of February, he said.

VW is developing its distribution co-operation with Toyota in Japan, where 47 Toyota dealers have recently agreed to begin selling VW and Audi cars in Japan.

## Unigro to buy third Spanish unit

By Ronald van de Krol

UNIGRO, the Dutch groceries retailer and wholesaler, said yesterday that it intends to acquire the Spanish supermarket group Grelar Asturias from Banco de Bilbao y Vizcaya, marking its third acquisition of a stores group in Spain since 1988. Financial terms were not disclosed.

Grelar Asturias, with annual sales equivalent to Fl 270m (\$150m), operates 73 supermarkets under the El Arbol name in northwest Spain. Unigro's

two previous Spanish acquisitions - the Sagara group in 1989 and Penagrande in 1991 - are also located in the Asturias, Cantabria and Castilla Leon regions of Spain.

The latest acquisition will lift Unigro's Spanish turnover to roughly Fl 900m and give it a market share in north-west Spain of around 15 per cent.

Unigro, which operates supermarkets in the Netherlands under the names Spar

and Super, is also active in Belgium, where it generates annual turnover of Fl 900m. It had total turnover of Fl 3bn in 1990-1991.

Wessanen, the Dutch foods group best known for its range of cheeses, reported net profits up by 20 per cent at Fl 105.6m for 1991 following a 5 per cent increase in turnover to Fl 3.9bn.

The company said all divisions contributed to the improved result.

## Siemens Nixdorf lifts turnover 26%

By Quentin Peel

SIEMENS Nixdorf, the loss-making computer subsidiary of the German electrical and electronics group, boosted sales by 26 per cent in the first four months of the current financial year to DM3.8bn (\$2.3bn), according to the chairman, Mr Hans-Dieter Wiedig.

Orders were up 14 per cent on the same period of the previous year, at DM3.7bn, he told the annual general meeting in Paderborn. If this growth rate

could be maintained to the end of the year (September 30), then Siemens Nixdorf could expect a significant improvement in its results, he said.

However, the subsidiary, rescued by the Siemens group from collapse in 1990, will still be in the red, thanks to the fierce price competition between computer manufacturers, he said. Price cuts would cost the company some DM800m.

In the 1990-1991 financial

year, the first year after the takeover, Siemens Nixdorf posted a loss of DM78m, and turnover fell by 2 per cent to DM12.1bn.

Bilfinger & Berger, the construction group, says all divisions at home and abroad contributed to improved profits in 1991, although it gave no actual figures. It said it planned a dividend in line with profit development. For 1990 Bilfinger posted 1990 a net profit of DM43.5m.

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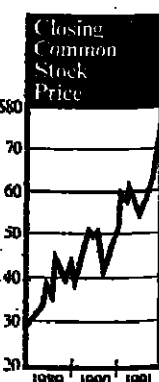
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## INTERNATIONAL COMPANIES AND FINANCE

## Sale masks profit fall at Goodman Fielder

By Bruce Jacques in Sydney

AN ABNORMAL profit from the sale of a UK-based financing company saved Goodman Fielder Wattle, Australia's biggest food group, from a fall in earnings for the first half to December.

The company yesterday declared a 14.6 per cent rise in earnings to A\$77.0m (US\$57.9m) from A\$67.1m on an advance in sales to A\$2.25bn from A\$2.16bn.

The interim dividend is being held at 5 cents a share.

However, the result masked a deterioration in the company's continuing businesses, reflecting the recession in the Australian economy.

Operating profits fell by 9.5 per cent to A\$82.5m before an A\$22.1m abnormal gain, compared with A\$4.9m, resulting mainly from the sale of Benford, an inter-company financing vehicle used in Goodman's abortive 1989 raid on Britain's Banks Hovis McDougall.

The Benford sale was announced earlier this year; however, details of the transaction remain obscure.

Mr Michael Nugent, chief executive, described the result as disappointing but in line with his prediction at last year's annual meeting.

"The directors believe that trading conditions will continue to be extremely difficult and that it is unlikely there will be a recovery in consumer demand of any substance in the current financial year," he said.

"The directors believe that a modest improvement in operating profit before tax and abnormal items should be achievable for the full year."

Only two of the company's six main operating divisions achieved increased pre-tax earnings in the half - European Foods and Ingredients.

The baking and milling, poultry, grocery and frozen food divisions sustained earnings falls of between 5 per cent and 35 per cent.

The result followed a tax credit of A\$2.9m compared with a A\$31.8m charge.

Interest costs eased to A\$69.2m from A\$75.7m.

## BIL confident despite 48% decline

By Terry Hall in Wellington

BRIERLEY Investments (BIL), the New Zealand investment and trading group, yesterday reported a 48 per cent fall in net profits to NZ\$90.48m (US\$49.4m) in the first half to December from NZ\$173.18m a year earlier.

However, Mr Paul Collins, chief executive, said the group was at a "turning point" and more confident about its future than at any time in the past four years.

During the period the company's debt fell to under NZ\$1bn from NZ\$1.4bn as a result of sales of long-term assets such as Tozer Kemsley and Milbourn, the UK car dealership, to Inchcape.

He said that BIL, most of whose assets were in the UK, was "through the worst" with its investments in such companies as Mount Charlotte, the UK hotel group, and its 29 per cent stake in Budgen, the UK supermarket group. Its other UK investments in United Scientific and GPG were doing well.

Most of its New Zealand investments were performing

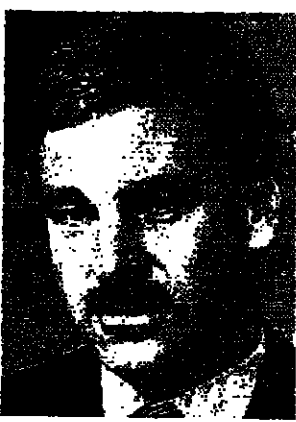
much more strongly, and some of these investments could be partially refloated to take advantage of revitalised interest in equities.

Mr Collins said that earnings for the restructured group were more comparable with the NZ\$38.54m earned in the second half of last year.

The result included an exceptional loss of NZ\$21m on its investment in Magnum Corporation, the New Zealand-based liquor group. BIL was committed to seeing a profit turnaround in Magnum.

However, BIL also announced an unexpected "exceptional" loss of NZ\$17m after writing down 4 cents a share to 6 cents on its shareholding in property group Ariadne, due to the protracted downturn in the sector in Australia.

Mr Collins said that the improvements in earnings of its subsidiaries came from a reduction in loss-making operations, increased efficiencies, a lower cost base and more competitive exchange and interest rates rather than



Paul Collins: group is at a 'turning point'

increased sales. BIL was now well positioned to benefit from any upturn in domestic activity through a much higher conversion rate to profit.

Benefits of restructuring Air New Zealand, its 42 per cent owned associate were readily apparent with a half-year profit of NZ\$56m.

Mr Collins defended the sale of Tozer for \$383.5m (\$692.56m)

following payment of dividend and other agreed payments to Inchcape. He said a \$46m profit was achieved, and there were few other possible buyers apart from Lounho, which was unacceptable to the Japanese motor companies.

Mount Charlotte Hotels, the largest hotelier in London, produced a full-year profit of £1.5m compared with £38.1m.

"While the result is disappointing it represents an exceptional achievement in the most difficult year in the UK hotel industry since 1980," Mr Collins said.

The trading profit of £72.6m, down from £99.3m, was "streets ahead of its competitors", representing a 32 per cent return on sales. He said forward orders for the summer and autumn periods were well ahead of 1991.

It was a reflection of the value of other assets that BIL would absorb a NZ\$180m interest cost on holding Mount Charlotte and still achieve an increased profit in 1991-92.

The directors are increasing the interim dividend to 8 cents a share from 4 cents.

## Bridge Oil moves back into the black

By Bruce Jacques

BRIDGE OIL, the Sydney-based resources group, returned to the black in 1991, shrugging off the previous year's big write-down of the troubled Aredor diamond venture in West Africa.

The company turned a A\$81.3m net loss into a A\$28.7m (US\$21.50m) net profit in the year, and is resuming its dividend with a 2 cents a share payout.

The result was achieved despite a 4 per cent fall in sales to A\$195.8m from A\$204.6m. The directors said 60 per cent of the company's revenue was now derived from the US and the decline reflected lower US gas prices.

"During the year, the company substantially replaced Australian production with new reserves," they said. "[The company] anticipates achieving the same result in the current financial year notwithstanding the continued high production."

There remains a degree of uncertainty as regards product prices. The present level of product prices in real terms is approximately equal to those ruling in 1974.

"Average product prices are presently below what was achieved in the previous year, and therefore unless there is an improvement, the result achieved in the 1991 year will be difficult to maintain."

Directors said the Aredor diamond project has achieved a positive cash flow, but incurred losses of A\$1.5m.

Bridge paid back borrowings of A\$52m in the year, cutting net interest-bearing debt to A\$213m. This helped to reduce interest expenses to A\$23.5m from A\$29.3m.

## Anglovaal earnings advance 6% midway

By Philip Gawth in Johannesburg

INCREASED earnings from Anglovaal Industries (AVI) allowed the Anglovaal group, one of South Africa's large mining houses, to record a 6 per cent increase in earnings in the six months to the end of December.

Although turnover rose by 7 per cent to R4.1bn (\$1.44bn) compared with the 1990 interim figure, recessionary economic conditions took their toll with operating profit down by 5 per cent to R376.1m.

Attributable earnings, however, benefited from a 42 per cent increase in investment income, to R22.6m, and a 17 per

cent increase in equity accounted earnings, to R45.7m, to end higher at R143.1m.

Anglovaal also announced yesterday that it would, through AVI, be lifting its investment in cement producer Anglo-Alpha to 19.5 per cent.

Under the deal, which involves a restructuring of the interests of the Anglovaal group and Holderbank Finance Glaris in Anglo-Alpha, AVI will acquire Anglovaal's 8.1 per cent direct interest in Anglo-Alpha. Additionally, the direct interests of AVI and Holderbank in Anglo-Alpha

will be injected into an intermediate holding company, Altur.

AVI will then acquire from Holderbank a portion of its interest in Altur, equivalent to an effective 11.4 per cent interest in Anglo-Alpha.

Altur will hold 54.8 per cent of Anglo-Alpha's equity, and in terms of a proposed offer to Altur minorities - who have a 5.5 per cent effective holding in Anglo-Alpha - Anglovaal's indirect holding could increase to 25 per cent. The aggregate purchase price of R249.1m will be paid for by the issue of 1.92m ordinary shares in AVI.

Mr Basil Hersov, Anglovaal chairman, noted that while AVI's earnings had increased by 18 per cent, income from mining investments had been flat compared with 1990. Interest income declined as rates softened and surplus funds were used for purchases and to follow rights in the recent AVI offer.

Earnings per share rose by 8 per cent to 240 cents and the interim dividend is being lifted by 10 per cent to 33 cents a share. Mr Hersov said group earnings would remain under pressure for the balance of the financial year.

## Surge at Bahrain bank

FAISAL Islamic Bank of Bahrain, one of the island's two offshore Islamic banks, yesterday reported that net profits for 1991 rose 48 per cent to US\$9.02m. Reuter reports from Manama.

The bank, which is a subsidiary of the Bahrain-based Dar al-Mal al-Islami group, said income after paying profits on customers' investments jumped to \$26.5m from \$17.7m in 1990.

The entire profit was transferred to reserves to help strengthen the bank's capital base. Paid-in capital was increased to \$50m from \$40m last year. The bank also approved plans to double its authorised capital to \$100m.

Assets grew to \$1.3bn from \$1.1bn in 1990.

Faisal Islamic Bank sold 40 per cent of its shares through private placement to Saudi investors during 1991, leaving Dar al-Mal with a 60 per cent stake.

## Philippine telecom group improves 48%

By Jose Galang in Manila

PHILIPPINE Long Distance Telephone (PLDT), the country's leading telecommunications group whose shares are traded in Manila and New York, has announced 1991 net profits of 4.72bn pesos (\$187m), an increase of 48 per cent over the previous year.

However, the profits growth rate was somewhat slower than last year's 55 per cent.

Attributable profits, after deducting dividends due to preferred shareholders, grew by 52 per cent to 4.5bn pesos. Earnings per share amounted to 98.90 pesos, up from 64.56 pesos.

Operating revenues rose 29 per cent to 18.6bn pesos due mainly to "the installation of more telephones, higher volume of long-distance calls, and various improvements in the company's service capabilities."

The company reinvested 95 per cent of its 1991 net profit, effectively increasing stockholders' equity to 17.47bn pesos.

## Halifax Building Society

Floating Rate Loan Notes 1992

For the three month period from 5 March 1992 to 5 June, 1992 the Notes will bear interest at the rate of 10.6125 per cent, per annum.

The Coupon amounts will be £133.38 per £5,000 Note and £266.76 per £10,000 Note, payable on 5 June, 1992.

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SUMMARY 1991 RESULTS		
in Netherlands Guilders		
	Year End 31 Dec '91	Increase on '90
Net Sales	6,326 million	+20.5%
Income from Operations	735 million	+24.6%
Net Income	446 million	+24.8%
Net Income per Share	2.62	+24.8%
Proposed Dividend per Share	0.60	+20.0%

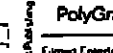
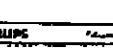
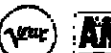
PolyGram NV, whose shares are listed on the Amsterdam and New York stock exchanges, achieved its seventh consecutive year of growth in 1991. PolyGram's annual report and accounts will be sent to registered shareholders on 2 April 1992. If you would like a copy write to: The Investor Relations Department, PolyGram NV, at any of the addresses below:

Gerrit van der Veenlaan 4,  
3743 DN Boarn, The Netherlands

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For the six months

6th March, 1992 to 8th September, 1992

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 5.45 per cent, per annum, and that the interest payable on the interest payment date, 8th September, 1992 against Coupon No. 8 will be Yen 2,769,672 per Yen 10,000,000 Note.

The Industrial Bank of Japan, Limited Agent Bank

## BARCLAYS

BARCLAYS OVERSEAS INVESTMENT COMPANY B.V.

U.S.\$350,000,000

Guaranteed Floating Rate Notes due 2004

Notice is hereby given that the Rate of Interest for the Interest Period from 6th March 1992 to 8th September 1992, is 5 per cent, per annum and that on 8th September 1992 the amount of interest payable in respect of each U.S.\$5,000 principal amount of the Notes will be U.S.\$129.17.

Barclays de Zeeuw Ltd Limited Agent Bank

## U.S. \$125,000,000

GREAT LAKES FEDERAL SAVINGS

Collateralized Floating Rate Notes

Series A due December 1997

In accordance with the provisions of the Notes, notice is hereby given that for the three months Interest Period from March 6, 1992 to June 8, 1992 the Notes will carry an interest rate of 4 1/4% per annum. The interest payable on the relevant payment date, June 8, 1992 will be U.S. \$1,223.96 per U.S. \$100,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

March 6, 1992

CHASE





## BANK OF CREDIT AND COMMERCE INTERNATIONAL LIQUIDATION

### NOTICE TO CLAIMANTS

#### Appointment of Liquidators

The District Court of Luxembourg, 6th Chamber, on 3 January 1992 appointed B. Smouts of Touche Ross & Co, London, and G. Baden and J. Roden, Attorneys at Law, Luxembourg as Joint Liquidators of Bank of Credit and Commerce International S.A. ("BCCI SA"). A winding up order was also made in respect of BCCI SA by the High Court in England on 14 January 1992. On the same day C. Morris, J.P. Richards, N.R. Lyle and S.J. Akers, all of Touche Ross & Co, London were appointed as Joint Liquidators of BCCI SA by the Secretary of State for Trade and Industry under Section 137 of the Insolvency Act 1986.

The Grand Court of the Cayman Islands on 14 January 1992 appointed I.A.N. Wight, R.E. Adord and M.W. Mackey of Deloitte Ross Tohmatsu, Cayman Islands as Official Liquidators of Bank of Credit and Commerce International (Overseas) Ltd ("BCCI Overseas") and Credit Finance Corporation Limited ("CFC").

#### Proposed Pooling Arrangements and Agreements with Majority Shareholders

The Liquidators of BCCI SA, BCCI Overseas and CFC are in the process of sending out letters with summaries of:

- Proposed Pooling Arrangements whereby the assets of BCCI Holdings (Luxembourg) S.A. ("Holdings") and its subsidiaries, BCCI SA, BCCI Overseas and CFC, including branches of BCCI SA and BCCI Overseas, will be pooled and distributed ratably amongst creditors.
- Proposed Agreements with the Government of Abu Dhabi on behalf of the Majority Shareholders of Holdings under which the Government of Abu Dhabi will make funds available for distribution (subject to conditions) to ordinary unsecured creditors of BCCI SA, BCCI Overseas, CFC and Holdings.

The High Court in London will consider whether to approve the Proposed Pooling Arrangements and the Proposed Agreements with the Government of Abu Dhabi at a hearing on 8 April 1992. The courts in Luxembourg and in the Cayman Islands will consider whether to give such approval at hearings to be held on 28 April 1992 and on 30 April 1992 respectively. Creditors may appear or be represented at these hearings.

If any claimant has not received the above letter and its attachment by 21 March 1992, or requires further information, or intends to appear or be represented at the court hearings, he should contact, for BCCI SA, the Liquidators' Global Creditors Group at P.O. Box 250, 100 Leadenhall Street, London EC3A 3AD, United Kingdom and, for BCCI Overseas and CFC, the Liquidators at P.O. Box 1358, Fort Street, George Town, Grand Cayman, Cayman Islands, B.W.I.

#### Creditors' Committees

A Creditors' Committee has been established by the Luxembourg Court. In England an ad hoc Creditors' Committee has been set up. These Committees will be consulted on the Proposed Pooling Arrangements and the Proposed Agreements and their views will be reported to the relevant Court. In the Cayman Islands, it is proposed that a Creditors' Committee be established for BCCI Overseas following the hearing on 30 April 1992. Any creditor who requires to be placed in contact with members of the Luxembourg or English Creditors' Committees should write, for Luxembourg, to The BCCI Creditors' Committee, 25c Boulevard Royal, P.O. Box 46, 2010 Luxembourg and, for England, to The BCCI Creditors' Committee, P.O. Box 550, 100 Leadenhall Street, London EC3A 3AD, United Kingdom.

#### Submission of Claims

The Liquidators will be writing to claimants separately before 30 March 1992 concerning the procedure for establishing claims (including Special Proof of Debt forms) and there is no requirement for claimants to contact the Liquidators at this time to establish their claims.

This notice ONLY applies to BCCI SA and BCCI Overseas and their branches and to CFC.

THE JOINT LIQUIDATORS OF BCCI SA, BCCI OVERSEAS AND CFC.

### Inter-American Development Bank ("IDB")

Japanese Yen 15,000,000,000

7 1/2 % Bonds of 1993

due 15th November, 1993 (the "Bonds")

EARLY REDEMPTION on 7th April, 1992

of all the Bonds by IDB

Notice is hereby given to all holders of the Bonds that pursuant to the Terms and Conditions of the Bonds, the Issuer of the Bonds has elected to redeem in advance all of the Bonds then outstanding on 7th April, 1992 at 100.25 per cent of their principal amount together with interest accrued and unpaid to such date (such amount being an aggregate of yen 1,033,563 for each Bond of yen 1,000,000).

The Bonds should be presented for payment together with all the unremitted coupons attached thereto at the specified office of any of the Paying Agents listed on the reverse side of the Bond, except for The Bank of Tokyo, Ltd., London Office and The Industrial Bank of Japan Limited, London Branch, which as of 9th March, 1992 and 10th March, 1992, respectively, will be at their new address listed below. Failure to surrender any such unremitted coupon(s) will result in the amount of such coupon(s) being deducted from the sum due for payment on the redemption date. On and after 7th April, 1992, the Bonds will no longer be outstanding and interest thereon shall cease to accrue.

The Bank of Tokyo, Ltd.  
London Office  
Finsbury Circus House  
12-15 Finsbury Circus  
London, EC2M 7BT

The Industrial Bank of Japan, Limited  
London Branch  
Bracken House,  
One Finsbury Street,  
London, EC4M 9JA

THE BANK OF TOKYO, LTD.  
as Fiscal Agent, Tokyo

6th March, 1992

### Inter-American Development Bank ("IDB")

Japanese Yen 15,000,000,000

7 1/2 % Bonds of 1994

due 28th September, 1994 (the "Bonds")

EARLY REDEMPTION on 7th April, 1992

of all the Bonds by IDB

Notice is hereby given to all holders of the Bonds that pursuant to the Terms and Conditions of the Bonds, the Issuer of the Bonds has elected to redeem in advance all of the Bonds then outstanding on 7th April, 1992 at 100.50 per cent of their principal amount together with interest accrued and unpaid to such date (such amount being an aggregate of yen 1,044,375 for each Bond of yen 1,000,000).

The Bonds should be presented and surrendered for payment together with all the unremitted coupons attached thereto at the specified office of any of the Paying Agents listed on the reverse side of the Bond, except for The Bank of Tokyo, Ltd., London Office and The Industrial Bank of Japan Limited, London Branch, which as of 9th March, 1992 and 10th March, 1992, respectively, will be at their new address listed below. Failure to surrender any such unremitted coupon(s) will result in the amount of such coupon(s) being deducted from the sum due for payment on the redemption date. On and after 7th April, 1992, the Bonds will no longer be outstanding and interest thereon shall cease to accrue.

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One Finsbury Street,  
London, EC4M 9JA

THE BANK OF TOKYO, LTD.  
as Fiscal Agent, Tokyo

6th March, 1992



### EARLY REDEMPTION OF CONVERTIBLE BONDS

Holders of CANAL+ convertible bonds issued in June 1989 may convert their bonds into shares of CANAL+ common stock or redeem them during the three month period from March 30 to June 30, 1992. The conversion or redemption was approved by the CANAL+ Board of Directors on December 17, 1991, and will be carried out according to the terms of the June 26, 1989 issue contract.

Bondholders are requested to inform their financial agency as to whether they wish to:

- convert their bonds on the basis of one share per bond.
- Shares issued upon conversion will carry dividend rights from January 1, 1992. On February 28, the share was trading for FF 1,340;
- or redeem their bonds for FF 850.0 per bond plus FF 12.95 in interest accrued since January 1, 1992.

The bonds will no longer be listed after March 30, 1992. All bonds remaining unconverted as of June 30, 1992 will be automatically redeemed.

## IBM senior debt is downgraded by Moody's

By Martin Dickson  
in New York

INTERNATIONAL Business Machines, for decades the most blue chip of all US manufacturing companies, has suffered the indignity of having its long-term debt downgraded by Moody's Investors Service, a leading credit rating agency. Moody's cut its senior debt rating from Aaa to Aa2, because its "credit quality" over the longer term will be adversely affected by shifting customer requirements and intense competitive pressures. The blow is likely to be more psychological than practical since the company's rating is still high and Moody's stressed that "IBM remains an exceptionally strong credit".

Analysts said it was a further sign that IBM, which dominated the global computer industry for decades, has been forced to face pressures from smaller and nimble rivals - which it is emulating through a management shake-up and decentralisation.

The first downgrading of IBM's debt occurred last year at the hands of Duff & Phelps, another rating agency. S&P retains its top rating on IBM - AAA - but has had the company on "negative outlook" since last August. It has said that a downgrade would be possible if IBM failed to improve profits when it shipped its new line of main-frame computers, a process which began in late 1990.

IBM said it was disappointed with Moody's action but believed the impact on its worldwide financing requirements would be minimal. The company said that in seven of the 10 years from 1980 to 1990 it had been the most profitable company among the Fortune 500. Although 1991 had been a difficult year, it had earned pre-tax profits of nearly \$4bn.

Moody's said "IBM's competitive environment, and its own necessary remedial actions, adapt it, will continue to induce volatility in its operating performance, and that overall returns and margins will stabilise at lower levels than those IBM has historically reported".

## Agency also rerates Upjohn

By Alan Friedman  
in New York

THE controversy over the safety of Halcion, the sleeping pill alleged to have harmful side-effects, was among the main concerns that led to the downgrading of the long-term debt rating of Upjohn, the US drugs company, by Moody's Investors Service.

The rating agency said that sales of Halcion were "falling sharply due to adverse publicity and regulatory actions". Moody's noted that the Food and Drug Administration (FDA) had recently said its data supports Halcion's effectiveness, but stressed that deeper investigation by the FDA and other regulators "could result in additional restrictions on Halcion or all drugs of its class".

Moody's lowered the rating to Double-A3 from Double-A2. About \$520m of debt is affected. Upjohn has denied that it failed to disclose the side-effects of Halcion to the FDA and has launched a lawsuit against Dr Ian Oswald, a Scottish psychiatrist professor and critic of Halcion.

Aside from concern about Halcion, which has \$360m of annual sales and is Upjohn's second biggest drug product, Moody's noted that Upjohn's marketing exclusivity in the US for Xanax tranquilliser, Ansaid anti-inflammatory agent and Halcion expires in 1993. Moody's said these represented a significant portion of Upjohn's pharmaceutical earnings, which could fall when the exclusivity ends next year.



U.S.\$400,000,000  
Floating Rate Subordinated  
Capital Notes Due 1997

Holders of Notes of the above issue are hereby notified that the Interest Sub-period from 9th March, 1992 to 9th April, 1992 the following will apply:

- Interest Payment Date: 9th June, 1992
- Rate of Interest for Sub-period: 5% per annum
- Interest Amount payable for Sub-period: US\$215.28 per US\$50,000 nominal
- Accumulated Interest Amount payable: US\$215.28 per US\$50,000 nominal
- Next Interest Sub-period will be from 9th April, 1992 to 11th May, 1992.

Agent Bank  
Bank of America  
International Limited

## INTERNATIONAL COMPANIES AND FINANCE

## Canadian Imperial Bank rises 11%

By Bernard Simon in Toronto

IMPROVED lending margins helped Canadian Imperial Bank of Commerce post an 11 per cent rise in first-quarter earnings, in spite of a rise in loan provisions.

Canada's second biggest bank lifted earnings to C\$221m, (US\$187.2m) or C\$1.01 per share, in the three months to January 31, from C\$199m, or 98 cents a share, a year earlier. Return on common equity fell to 13.6 per cent from 14.2 per cent as a result of a large

increase in preferred share financing. Return on average assets improved to 0.71 per cent from 0.67 per cent.

Net interest income rose to C\$922m from C\$818m, reflecting a widening in interest rate margins to 3.05 per cent from 2.8 per cent.

The protracted domestic recession has led the bank to raise loan loss provisions to C\$196m from C\$128m. CIBC said it estimated loan losses for the year at C\$750m, compared

with C\$618m in fiscal 1991. Non-performing loans totalled C\$2.1bn, up from C\$1.9bn three months earlier. Most of the increase was outside Canada.

CIBC is the last of Canada's big six banks to report first-quarter earnings. In most cases, lower interest rates have offset higher loan losses to produce an improved bottom line. The Canadian banks continue to boast strong capital positions and relatively attractive

returns compared to many of their US counterparts. The strongest first-quarter performance came from Bank of Nova Scotia, which lifted net earnings by 34 per cent.

Toronto-Dominion Bank, which was the most highly-regarded Canadian bank throughout the 1980s, has been hit by its heavy exposure to Ontario and Quebec, and by a number of soured international ventures. TD's first-quarter earnings dipped by 9 per cent.

## The Gap posts 49% increase

By Nikkil Tait in New York

THE GAP, the fast-growing US fashion chain, yesterday announced a sharp 49 per cent improvement in fourth-quarter profits, to \$83.8m after tax for the year.

The Gap revealed a 7 per cent improvement from comparable stores. The star remained Wal-Mart, the Arkansas-based discount retailer which posted an overall sales gain of 34 per cent, and a sharp 20 per cent rise on a same store basis.

At Neiman Marcus, the rise was 5.7 per cent; at J.C. Penney, 8.6 per cent; Dayton Hudson, 6 per cent and Sears Roebuck, 8.9 per cent (all on a comparable store basis). Not everyone fared this well;

share level, the results were roughly in line with expectations. The Gap shares fell 2% to \$45 on the news.

The Gap figures came as many big US retailers posted their sales figures for February - showing a mixed bag of results, particularly when the effect of the Iraq conflict on last year's figures is borne in mind. The Gap revealed a 7 per cent improvement from comparable stores. The star remained Wal-Mart, the Arkansas-based discount retailer which posted an overall sales gain of 34 per cent, and a sharp 20 per cent rise on a same store basis.

At Neiman Marcus, the rise was 5.7 per cent; at J.C. Penney, 8.6 per cent; Dayton Hudson, 6 per cent and Sears Roebuck, 8.9 per cent (all on a comparable store basis). Not everyone fared this well;

at May Department Stores, same store sales were up by 4 per cent overall, while Woolworth managed a modest 3.1 per cent from domestic comparable stores.

R.H. Macy plans to close five I Magnin stores, all its Fantasies by Morgan Taylor specialty stores and several other stores in its specialty store divisions in order to improve operating performance. Reuters reports from New York.

After the closures, it will have 19 I Magnins. Macy said that it will focus the chain in the west coast and desert resort areas.

The company said that it will close three of its 37 Aeropostale specialty stores, about 15 of its 35 Charter Club specialty stores, and all its 34 Fantasies stores.

## Nat'l Semi improves to \$14.5m

By Louise Kehoe in San Francisco

NATIONAL Semiconductor reported sharply higher earnings for its third quarter, ended February 23, helped by a pre-tax gain of \$8.5m from patent licensing fees.

The US company reported net earnings of \$14.5m, or 11 cents per share, against net earnings of \$5m, or 2 cents, in the same quarter a year ago which included a restructuring credit of \$2.1m from the sale of a production facility.

Sales for the quarter were \$401.8m, up from \$386.5m last year.

"We have achieved our announced goal of improving operating profit by reducing

the break-even point to below \$400m per quarter by the third quarter," said Mr Gilbert Amelio, National Semiconductor president and chief executive. "Profits from operations improved over the previous quarter and the comparable quarter a year ago, even though the third quarter traditionally shows the greatest seasonal weakness each year."

For the nine months, National Semiconductor reported a net loss of \$147.8m or \$1.49, including a first-quarter restructuring charge of \$149.3m in connection with its plans to consolidate worldwide manufacturing operations.

Last year, the group recorded a net loss of \$157m or \$1.59. The 1991 results also included a restructuring charge of \$120.1m.

Sales for the first nine months were \$1,235m, down slightly from \$1,258m last time. During the third quarter National Semiconductor announced a \$120m expansion of its Arlington, Texas, manufacturing facility. "This is our first focused major investment in accordance with our restructuring plan," Mr Amelio said.

National Semiconductor remains cautious about the current quarter.

## General Cinema lifted by gain

By Alan Friedman

GENERAL Cinema, the retailing, publishing and theatre group that last year acquired HBCJ, the Florida-based publisher, said net earnings in the quarter to January 31 were lifted by a \$419.6m after-tax extraordinary gain.

The one-time benefit was due mainly to the purchase of HBCJ at a discount as part of the acquisition.

Net income for the first quarter was \$27.7m or 35 cents a share, compared with a loss of \$11.1m and 14 cents in the three months to January 31, 1991. With the extraordinary item General Cinema's net profit was \$447.2m.

Revenues declined to \$383m from \$386.6m a year ago. Operating profits were \$44.3m against \$45.9m last time.

Mr Robert Tarr, chief executive, said the results were the first indication of General Cinema's earnings potential following the HBCJ acquisition. Interest expenses fell to \$22.4m from \$37m a year ago.

Operating earnings from the 63 per cent-owned Nelman Marcus department store chain were \$10.8m, against \$13.2m - these earnings will be consolidated into General Cinema's second quarter.

Operating profits from General Cinema's retail division were \$25.6m, down from \$30.5m. Publishing income increased to \$9.9m from \$5m while theatre income dropped to \$8m, from \$8.3m.

On Wall Street, General Cinema rose by 3% to \$20%.

NEW ISSUE

This announcement appears as a matter of record only.

March, 1992



## Sumitomo Heavy Industries, Ltd.

U.S.\$170,000,000

3 per cent. Guaranteed Bonds Due 1996

with

Warrants

to subscribe for shares of common stock of Sumitomo Heavy Industries, Ltd.

Payment of principal and interest being unconditionally and irrevocably guaranteed by

The Sumitomo Bank, Limited

ISSUE PRICE 100 PER CENT

Daiwa Europe Limited

Sumitomo Finance International Limited

IBJ International Limited

Sumitomo Trust International plc

Deutsche Bank Capital Markets Limited

Swiss Bank Corporation

ABN AMRO Bank N.V.

Bank of Tokyo Capital Markets Group

Banque Bruxelles Lambert S.A.

Bayerische Vereinsbank Aktiengesellschaft

County NatWest Securities Limited

Goldman Sachs International Limited

Kyowa Saitama Finance International Ltd.

Meiko Europe Limited

Morgan Stanley International

Nikko Europe Plc

Universal (U.K.) Limited

S.G. Warburg Securities

Kleinwort Benson Limited

Nomura International

Yamaichi International (Europe) Limited

Banca del Gottardo

Bank of Yokohama (Europe) S.A.

Baring Brothers & Co., Limited

BNP Capital Markets Limited

Robert Fleming & Co. Limited

Izumi Europe Limited

LTCB International Limited

Mitsubishi Trust International Limited

New Japan Securities Europe Limited

Nippon Credit International Limited

Wako International (Europe) Limited







## INTERNATIONAL CAPITAL MARKETS

## Commercial Union issue declined by many firms

By Simon London

COMMERCIAL Union, the UK insurance company, yesterday stirred controversy in the international bond market, launching a £100m issue in which leading sterling underwriting firms declined to participate.

The deal was led managed by Kleinwort Benson. It was the firm's first lead-management role in the mainstream of the Eurosterling bond market since August 1989.

The 10% per cent bonds were priced to yield 110 basis points more than UK government bonds of a comparable maturity, seen by many underwriting firms as insufficient to attract investors. Syndicate officials at rival firms said that a yield spread of 120 to 125 basis points was necessary to sell the bonds.

In addition, the government bond market continued to trade lower yesterday following a full-point drop in prices on Wednesday. The benchmark

10-year gilt closed the day on a yield of 9.52 per cent, from 9.37 per cent Wednesday morning.

As a result of these factors, many established sterling bond houses declined to participate in the deal. Cazenove, the stockbroker which also acts as broker for Commercial Union, agreed to be co-lead manager to the deal. Other participants were Commercial Bank, Hoare Govett and Morgan Stanley.

## INTERNATIONAL BONDS

The lead manager, which underwrote around 75 per cent of the issue, said that it found demand from a number of UK institutional investors.

Although Commercial Union has not been hit by the property-related insurance claims which have damaged many of its rivals, all UK insurers are

under financial pressure. This has discouraged overseas investors from buying insurance company bonds.

At the close of trading, the lead manager said that the bonds were trading at 98 1/2 bid, having been re-offered to investors at a fixed price of 99.236. At this level the yield spread was 115 basis points more than UK government bonds.

Elsewhere, activity was muted with no borrowers willing to launch large new issues ahead of US employment data released today. British Gas launched a £200m two-year deal, lead managed by Swiss Bank Corporation and targeted at retail investors.

Banco Rio de la Plata, one of Argentina's top banks, launched its anticipated \$100m three-year issue, lead managed by Merrill Lynch. Participants reported firm demand for the 9 1/2 per cent bonds, which were priced to yield 350 basis points more than US Treasury paper.

## NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Rio de la Plata (b)	100	9 1/2	98.5414	1995	1 1/4 %	Merrill Lynch
ECUs						
British Gas Int Fin (a)	200	9	101.075	1994	1 1/4 %	SBC
STERLING						
Commercial Union (a)	100	10 1/2	100.836	2002	2 1/8	Kleinwort Benson
AUSTRALIAN DOLLARS						
Victorian Pub Fin (a)	200	zero	35.80	2002	1 1/4 %	Hambros Bank
D-MARKS						
A/B Spirit (a)	150	8 1/2	102 1/4	1997	2 1/4 %	Merrill Lynch Bk AG
Nohmi Bosai (a)	70	7	100	1998	2 1/4 %	Deutsche Bank
Techni-Sci (a)	50	4 1/2	100	1998	2 1/4 %	Wells Fargo
DEMERS						
Savlathe Hypotheke (a)	200	8 1/4	100.40	1997	1 1/4 %	Rabobank
YEN						
European Investment Bk (c)	200m	5	99.55	1995	1 1/4 %	Deutsche Bank

\*\*\*Private placement. (a) Convertible. (b) With equity warrants. (c) Floating rate note. (d) TFRM terms. (e) Non-callable. (f) Coupon payable semi-annually. (g) Non-callable. (h) Floating with existing Y80bn. Non-callable.

## Barbados to open small-companies market

THE BARBADOS Stock Exchange is launching an unlisted securities market to assist small companies which are highly geared and in need of capital, writes Canute James in Kingston.

The requirements for admission to the new market will be less demanding than those for the main market, according to Mr Anthony Johnson, general

manager of the exchange. "In the circumstances confronting the Barbadian economy, it is obvious that many small, innovative business enterprises with growth potential are either undercapitalised, too highly geared or simply find avenues to raising capital inaccessible," Mr Johnson said.

"Such corporate entities should find the unlisted securities market an open door to marketability and enhanced liquidity of capital issues, thus preparing the way for advancement to the official list," he added.

To qualify for admission on the new market, companies must have performed well for at least two consecutive years and have a minimum equity of \$200,000 (US\$100,000).

The SEC has already this year proposed changes to make it easier for small companies to raise money on the capital markets. Those proposals included: allowing small companies to issue up to \$1m in unregistered securities and

## SEC gives go-ahead to 'incubator' exchange

By Patrick Harverson in New York

THE Securities and Exchange Commission, the US watchdog, yesterday gave the go-ahead to the American Stock Exchange's (ASE) plan to create a new "incubator" stock market for small companies.

The SEC's approval means that the ASE can launch its Emerging Company Marketplace (ECM) as planned on March 18. It will list companies with a market value of less than \$25m which are too small to meet the exchange's regular listing standards.

The ECM will compete directly with the Nasdaq over-the-counter market run by the National Association of Securities Dealers. The Nasdaq has traditionally been regarded as the first home for small and start-up companies.

The ASE hopes that between 15 and 20 stocks will be listed on the ECM for opening day. All the newly listed stocks will be subject to normal regulatory requirements such as last sale reporting, trading and marketmaker allocation rules, and surveillance procedures.

The new companies, however, will be exempt from the ASE's rules mandating independent directors, audit committees, shareholder quorums and common stock voting rights.

The ASE is setting up the new market to make it easier for very small companies to raise funds through equity offerings. At the moment, newly created and small companies are finding it difficult to borrow money because US banks have tightened their credit standards in the recessionary business climate.

The SEC has already this year proposed changes to make it easier for small companies to raise money on the capital markets. Those proposals included: allowing small companies to issue up to \$1m in unregistered securities and

canvass the public directly for investor interest; widening eligibility to use a simplified disclosure document for small offerings; and allowing small companies to file "junior" quarterly and year-end reports.

## Buying into Mexico's new elite

Damian Fraser reports on the privatisation of the nation's banks

On Sunday night, a group of Mexican investors led by Mr Eduardo Creel, a former broker who made his fortune in the money markets, won a privatisation auction with an astonishing bid of \$846m, or 29 times last year's earnings.

This was for a medium-sized Mexican bank that has been beset by bad loans and which many outside Mr Creel's group of investors doubt will thrive.

While 29 times earnings was the highest multiple paid yet in the Mexican bank privatisation programme, few in Mexico seemed surprised, for the government has sold 12 banks in competitive auctions for 30,700 pesos (\$10bn), at an average of 21 times historic earnings.

Worldwide, a privatised bank is generally valued at around 14 times earnings, according to First Boston, the investment bank advising Mexico on the privatisations.

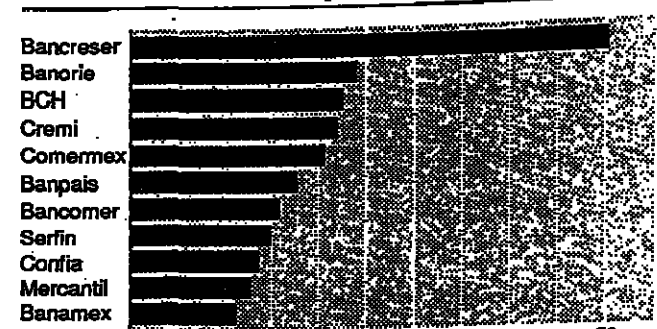
The newly formed financial groups, comprising privatised banks and brokerages, are now among the biggest groups in the world by market value. As critics point out, these groups are in effect controlled by just a few thousand wealthy Mexican investors. Banamex-Accival - the holding company comprising Banamex, Mexico's largest bank, and the brokerage house Accival - is worth around \$7.7bn, compared with \$5.8bn for Citicorp.

The government is in the enviable position of being chastised for selling the banks for too much. Mr Mario Rodriguez, director of banking at Grupo Pular, a large conglomerate, warns: "No one in their right mind would pay 37 times book value and expect their money back in under 3.7 years."

Pular is waiting for the second round, when it hopes to pick up a bank cheaply. Many Mexicans say the government is in fact selling power, or status, to which money is no object. As Mr Rodriguez says: "The new bankers are buying membership to a very distinguished club."

Another Mexican broker put it differently: "We have no

## Mexican banks' sale price to earnings ratio



mobility and this is the closest thing. It is the search for permanence in an impermanent world."

The Mexican banks, unlike the money chasing them, date back to the 19th century. They were nationalised in 1983 by Mr Jose Lopez Portillo, who was then president.

The banks' buyers are quick to point out more prosaic reasons for the high prices. They note that in the past, Mexico's financial sector has grown twice as fast as the economy. Given the rosy forecasts of average economic growth of 5 per cent over the next decade, bank earnings should increase by 10 per cent over the same period. Furthermore, Mexican banks are generally inefficient: outdated technology and are overmanned. This, they say, shows that there is room to cut costs.

Mr Guillermo Ortiz, the Mexican government minister who has masterminded the bank sales, stoutly defends the prices paid. Mexico, he says, is relatively under-banked. He foresees a very lucrative market in consumer credit and small businesses in the future, especially since the government has recently eliminated the liquidity coefficient (akin to a reserve requirement) on bank lending.

Such arguments persuaded Baring Research, the Mexico branch of the brokerage Baring Securities, to recommend Banamex-Accival (Banamex), Mexico's largest financial group, for a "long-term buy", and forecast average annual growth of earnings of 12.3 per cent over the decade.

Nevertheless, Barings highlights considerable risks. As the brokerage says: "This

## favourable sectoral outlook is clouded by the uncertain outcome of Mexico's big bang, involving several simultaneous changes in the financial sector - deregulation, privatisation, merger of banks into financial groups, and entry of foreign institutions."

The deregulation of Mexico's financial sector, and the imminent arrival of foreign banks with the likely passage of the North American Free Trade Agreement, is likely to introduce considerably more competition, and cut profit margins. Currently, the spread between borrowing and lending is around 6 per cent, about twice that in western Europe.

Foreigners are likely to team up with Mexico's stronger banks, leaving the weaker ones even more vulnerable.

This week Bancomer, the second largest bank, launches the road show for an international public offering of \$500m, to be shortly followed by a similar offering by Banamex.

Last week, Banamex formed a joint venture with American Express to provide financial services in Mexico.

In the fight for the share of the retail market, Mexico's large banks - even without foreign help - will be at an advantage relative to the medium and small ones, since their average costs tend to be lower.

As one US bank analyst remarks: "It's one thing to pay 12 to 14 earnings for 30 per cent market share (for example, Banamex), but paying 20 to 25 earnings for a 3 to 5 per cent market share, without a distinct market niche: how do you justify that?"

But at this late stage, with just six banks left on the block, passion may have overtaken reason. The last two banks have gone for record sums, as competition between frustrated investors has heated up. Many of those still without banks have promised to carry on bidding high until they win.

The government likes to say the sure winners are Mexico's taxpayers, who will finally get hold of some of the money hoarded by Mexico's super-rich. But the strategy is not without risks. Financial power has been handed over to a small group of people who already control much of Mexico's wealth.

## State promotes highway bonds

THE MEXICAN government's plan to finance new highways through the sale of toll concessions is creating the country's first revenue bond market, Bloomberg reports from Mexico City.

International investors may find the new securities backed by the revenue generated by toll roads - attractive, said Mr Javier Magana, a director of Probusa, a Mexican brokerage.

"If there's a growth area in Mexico it will be infrastructure," Mr Magana said. "It can be an interesting way for foreign investors to diversify their Mexican holdings."

Mexico, which had 2,500km of roads when President Sal-

nas took office in 1989, has said it hopes to build another 3,500km for \$10bn during the president's six-year term.

The government wants to finance road construction by awarding toll concessions to private companies, or by selling existing roads and using the revenues to construct new highways in less-developed areas of the country.

Yields on the highway bonds can be attractive. The eight-year bonds for the Manzanillo-Armeria highway that mature in November 1999, guarantee investors 90 per cent of 300 basis points over the highest yielding short-term Treasury bill, currently 14.1 per cent, whichever is greater.

## LONDON MARKET STATISTICS

## RISES AND FALLS YESTERDAY

British Funds	Rises	Falls	Same
Other Fixed Interest	207	28	96
Commercial & Industrial	14	191	531
Oil & Gas	6	0	52
Others	45	0	90
Totals	385	624	1,740

## LONDON RECENT ISSUES

Issue	Amount	Price	Yield	Rating
500 F.P.	500	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1

## FIXED INTEREST STOCKS

Issue	Amount	Price	Yield	Rating
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1

## RIGHTS OFFERS

Issue	Amount	Price	Yield	Rating
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1

## TRADITIONAL OPTIONS

Issue	Amount	Price	Yield	Rating
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1

## LONDON TRADED OPTIONS

Option	Amount	Price	Yield	Rating
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
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100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1
100 F.P.	100	102 1/2	8.5	A-1

## FT-SE 100 SHARE INDEX

Index	Value	Change
FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1
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FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1

## FIXED INTEREST

Index	Value	Change
FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1
FT-SE 100	2538.31	+0.1

## AVERAGE GROSS REDEMPTION YIELDS

REDEMPTION YIELD			
Index	Value	Change	
Accrued Interest	ad. 1992 to date		British Government
			1 Low
			2 Coupons 5
			3 10% (7-7%) 20
			4 Medium 5
			5 Coupons 15
			6 10% (10-14%) 5
			7 10% (10-14%) 15
			8 Coupons 13
			9 11% (11-14%) 20
			10 Irredeemables
			Index-Linked
			11 Inflation rate 5%
			12 Inflation rate 5% 5
			13 Inflation rate 10% 10
			14 Inflation rate 10% 10
			15 Dubs & Laane



## UK COMPANY NEWS

## Raine to acquire Walter Lawrence

By Andrew Taylor, Construction Correspondent

RAINE INDUSTRIES yesterday announced it had agreed to acquire Walter Lawrence in an all-share offer valued at £28.5m. A takeover would create the UK's 10th largest house builder, producing about 2,000 homes a year.

The offer was accompanied by an announcement of a 2-for-7 rights issue, priced at 50p a share, to raise £33.5m.

The rights issue cash will be used to reduce Walter Lawrence's high borrowings of £74m, said Mr Peter Parkin, Raine's chief executive.

If the bid succeeds Raine will be left with net debt of about £45m, including acquisition costs, equivalent to 33 per cent of combined shareholders' funds of £133m.

Preference shareholders are being offered 100p cash for each share or can elect to accept a share offer.

Newarthill, which operates Robert McAlpine, the private construction company and owns almost 18 per cent of Walter Lawrence's ordinary shares and 11 per cent of the preference, has indicated that it will accept Raine's offer.

Raine's share price yesterday fell 15½p to 108½p valuing Walter Lawrence's ordinary shares at 54p each. Lawrence's shares were trading at 23p before the announcement jumped to 46p.

Mr Parkin also revealed that Raine's pre-tax profits had fallen by more than a quarter from £8.2m to £5.8 during the

six months to end-December.

He said the group would be paying a maintained interim dividend of 2p covered 1.5 times by earnings of 3p (5p). Raine said it intended to pay a same-again final dividend of 4p for year ending June 30.

Raine said that it had looked at several acquisition opportunities before alighting on Walter Lawrence. These are understood to have included VJ Lovell in which Raine acquired a 2.8 per cent stake last year at a price of about 140p a share.

Lovell's share price has since collapsed, closing last night at 24p. Raine's interim results include a £3.4m provision to cover the writing down of the value of its holdings in Lovell.

The acquisition will increase the geographical spread of Raine's housing operations to cover most areas of England. Walter Lawrence also has a Californian housing business taking Raine into the US housing market on the back of Walter for the first time.

## COMMENT

Raine in doing its sums has written down the book value of Walter Lawrence from £51m to £35.5m equivalent to about 30p a share - not far off the bid price itself. It will have a combined UK landbank of about 6,000 plots at an average book value of £12,500. This should produce gross margins of about 25 per cent and net margins of 10 per cent even if the market does not improve.



Peter Parkin: rights issue will cut Walter Lawrence's debt

There should, according to Raine, be no dilution of earnings despite the issue of large amounts of paper. It can always sell the Californian business if things do not go as well as expected. Walter Lawrence shareholders meanwhile will get a substantial premium

above the Lawrence's recently lacklustre share price. Raine should be capable of making £15m this year producing earnings of 8p with the prospect of a housing recovery some stage in the future. The rights and the offer on this basis should be supported.

## Steetley downgrades its French reserves

By Andrew Taylor, Construction Correspondent

STEETLEY, which is fighting a £500m takeover bid from Redland, its rival building materials group, yesterday published its final defence document in which it stressed the high earnings potential of its US and European businesses.

The document, however, reveals that the group has been forced to cut £40m from the book value of its French operations following an independent valuation.

The revaluation of assets produced a net asset value per share of 37p, rising to 39p if the value to Redland of Steetley's £29m surplus advance corporation tax is included.

This compares with a bid price worth 38p a share at last night's closing prices.

Steetley said the French construction activity was forecast to grow by an average of 2.5 per cent a year between 1992 and 1996. It said cost savings as a result of rationalising the French operations and lower raw material costs would produce savings of £2m in 1993 and £16m in 1994.

It argued that Redland's offer did not take into account the benefits of savings or the potential for earnings growth in the UK, US and Spain as construction markets moved out of recession.

It said that a 15 per cent increase in sales volume in the UK would more than double this year's budgeted profits.

Mr Richard Miles, Steetley chief executive, said his company's earnings growth had consistently outstripped that of Redland during the past decade. "Redland's bid does not even start to value this company's future based on the ability of its management to produce an outperformance from its high quality assets."

There was an extraordinary profit of £4.76m from the sale of a stake in Takara for £25.4m.

Steetley's shares closed the day at 44p, up 3p.

## Confidence on a wing and a prayer in a turbulent future

Paul Betts on Rolls-Royce's long-term approach

A 71 per cent drop in pre-tax profits and a loss of 56m in its core aero-engine business last year did not appear to dampen Rolls-Royce's spirits yesterday.

Lord Tombs, chairman, announced that the company was maintaining its annual dividend of 7.35p because it was confident about its long-term prospects.

Sir Ralph Robins, chief executive and deputy chairman, said the company was plugging on with its long-term strategy of expanding the range of its commercial jet engines, coping with the reduction in the defence market, and broadening the group's operations in other industrial power sectors to reduce dependence on the aerospace market.

Both top executives made it abundantly clear that Rolls-Royce was not seeking any strategic alliance with either General Electric (GE) and Pratt & Whitney, its two principal US competitors.

Instead, the UK company was determined to "go it alone" and to continue broadening its market base to secure a 30 per cent share of the commercial jet engine market by the mid-1990s.

Rolls-Royce, like other aerospace companies, suffered last year from the combined effects of the post-Cold War decline in military business and the slump in civil aviation.

Short-term prospects remain uncertain. Sir Ralph conceded yesterday that there was little chance this year of a recovery in civil aero-engine sales.

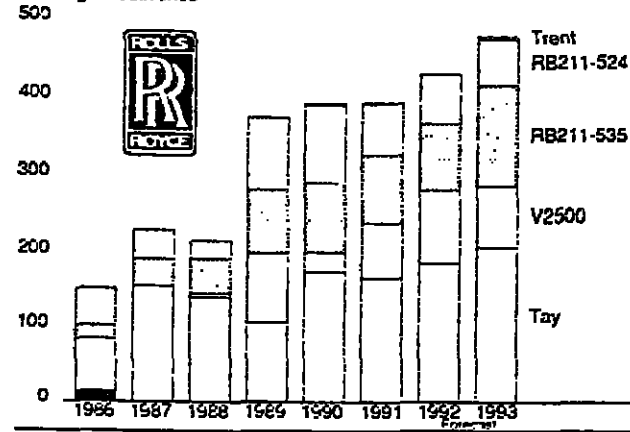
However, the company believes it is now in a better position than in the past to take advantage of a recovery in the commercial aircraft business because of its expanded range of civil engines. This is reflected in its order book which has grown from £28bn in 1987, when the company was private, to £26bn last year.

It has also taken vigorous action to reduce costs with 7,000 job cuts last year and plans for a further 3,000 job reductions this year.

The company's broader civil engine product line has helped

## Rolls-Royce

Civil engine deliveries



Rolls-Royce increase its share of both the US and Asia-Pacific commercial engine markets.

The company is expected to win soon a big engine order from Cathay Pacific, the Hong Kong-based airline, and is also competing for a big engine order from Japan Air Lines and Korean Air.

However, its weakness remains in Europe, where it has failed so far to make any significant market inroads with big continental European carriers, apart from British Airways. The company is still smarting from last year's loss of BA's engine order for the UK carrier's fleet of Boeing 777 widebodies which went to GE.

Lord Tombs expects that the recent aero-engine joint venture Rolls-Royce established with BMW, the German luxury car maker, will eventually enable the company to increase its European penetration. The current talks between Deutsche Aerospace and Fokker, whose jet engines are supplied by Rolls-Royce, could also boost the prospects of the Rolls-Royce Tay engine.

Lord Tombs also defended yesterday his decision six years ago to break off a co-operation agreement with GE. Although some analysts still argue that there is not room in the longer term for three big engine makers in the market, Lord Tombs argued that the GE deal would have limited the UK company's long-term aero-engine prospects

and ultimately turned Rolls-Royce into a GE subcontractor.

By concentrating on developing its own expanded range of engines and maintaining a strong balance sheet to weather the cyclical downturns, Lord Tombs believed Rolls-Royce was now in a far stronger position to compete in the cut-throat aero-engine market. He added that the company had spent £2bn on research and development to develop its expanded engine range during the last six years. This includes the £800m the company is investing in its new heavy thrust Trent engine to power the new generation of widebody aircraft.

Broadening the company's base in other industrial power sectors had also started to pay dividends. Indeed, the industrial power division produced the bulk of profits last year and now accounted for about 40 per cent of the group's overall turnover.

Both Lord Tombs and Sir Ralph insisted yesterday that the company should be viewed as a long-term business. "When we were floated we said investors would have to be patient; that we needed a strong balance sheet to weather the cold spells in the industry," Lord Tombs said.

Yesterday's figures and the aerospace industry's uncertain short-term prospects suggest that investors will have to continue being patient.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Current dividend	Total for year	Total for year
Enterprise Comp	1p	Apr 16	0.477	1	2.5
French Property	1p	Apr 28	0.477	1	0.477
Holders Tech	1p	Apr 3	4	6	6
Ladbrokes	6.25p	Apr 1	5.8	11.15	10.61
Life Sciences	2.25p	Mar 12	1.9	3.35	2.8
More O'Ferrall	10p	May 18	10	13.2	13.2
MTR Instruments	1.01	May 6	1.6	3.4	2.8
Parland	1.025	Jun 27	0.4375	2.25	0.75
Pentos	2.05p	Jun 27	1.9	2.75	2.5
Radius	1.8p	Apr 18	1.8	2.7	2.7
Raine Industries	2.5p	Apr 20	2	2	6
Readylink	2.25p	May 1	1.95	2.75	2.5
Reidway	2.1p	Apr 27	2	2	8
Rolls-Royce	4.7p	July 13	4.7	7.25	7.25
Sema	1.5p	July 1	1.6	2.6	2.5
Singapore Press	1.1p	Apr 6	1	1.1	1
Singer & Fried	1.5p	May 7	1.5	2.5	2.5
Smit	1.25p	May 19	1.25	5.8	5.8
TLS Range	nil	nil	0.8	nil	1.8

Dividends shown pence per share not except where otherwise stated. For capital increase by rights and/or acquisition issues. BISM stock. \*Script option. \$Second interim. \$Nine months to December 31. \$First pence.

## Singer &amp; Friedlander up 13.5% to £15.4m

By David Barchard

SINGER & Friedlander, the merchant banking and property group, yesterday signalled its resilience to recession in the UK economy by reporting a 13.5 per cent increase to £15.4m in pre-tax profits for 1991.

Earnings per share were up from 3.82p in 1990 to 4.3p. The dividend is unchanged at 2.5p. Mr Anthony Solomon, group chairman, said that dividend cover was below 2 and it would not have been appropriate to increase the pay-out.

Instead the group yesterday bought 31.5m of its own shares, about 14 per cent of its capital, in the market for £12.5m or 40p

per share. The purchase included the entire holding of 24.45m of its shares from the supervisors of B&C Investment Holdings.

"This enhances the assets and earnings per share for the rest of the shareholders," Mr Solomon said.

Group assets grew from £708m in 1990 to £744.6m. The group's banking operations made a profit of £7.01m, up from £5.57m.

There was an extraordinary profit of £4.76m from the sale of a stake in Takara for £25.4m.

Singer's shares closed the day at 44p, up 3p.

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Comfortable with its  
Architectural Products  
and, of course,  
its Zippers.

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## NOTICE TO HOLDERS OF:

## NEC CORPORATION

(Formerly Nippon Electric Co., Ltd.)

£30,000,000 5 1/2% per cent. Convertible Bonds 1996

and

US\$80,000,000 5 1/2% per cent. Convertible Bonds 1997

Pursuant to the Terms and Conditions of the above Bonds notice is hereby given that effective from 16th March, 1992 The Industrial Bank of Japan, London Branch (one of the Paying and Conversion Agents) is changing its address to:

Bracken House, One Friday Street, London EC4M 8JA

The Sumitomo Bank, Limited  
(Principal Paying and Conversion Agent)

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ECC F13 P14 P15, 20 CANAL WHARF, LONDON, E14 3DL  
BY TELEPHONE OR FAX 071-245 0000



## COMPULSORY DISCLOSURE OF STOCK HOLDINGS

Pursuant to the Dutch Stock Ownership Disclosure Act ("Wet Melding Zeggenschap") effective February 1, 1992, AKZO NV hereby confirms receipt of a letter of disclosure from:

FMR Corporation, 82 Devonshire Street, Boston (Mass.), U.S.

stating that said entity is holder of shares in the Company equivalent to an interest of 7.87 percent, of which 7.87 percent is designated indirect and 0.00 percent potential.

Internationale Nederlanden Groep NV, Prinses Irenestraat 61, 1077 WV Amsterdam, the Netherlands

stating that said entity is holder of shares in the Company equivalent to an interest of 6.49 percent, of which 6.49 percent is designated indirect and 0.00 percent potential.

and: Aegon NV, Marijkeweg 50, 2591 TV 's-Gravenhage, the Netherlands

stating that said entity is holder of shares in the Company equivalent to an interest of 5.31 percent, of which 5.31 percent is designated indirect and 0.00 percent potential.

AKZO NV, the Netherlands  
Amsterdam, March 2, 1992

This announcement appears as a matter of record only

**RoadChef**  
RoadChef Limited

Long term financing  
of  
£25,300,000

## Principal lender

**BARCLAYS**

Barclays Bank plc  
Pall Mall Business Centre

## Other lender

Société Générale  
London Branch

March 1992

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## WOOLWICH

- Building Society -

£100,000,000  
Floating rate notes  
due 1996

Notice is hereby given that the notes will bear interest at 10.525% per annum from 4 March, 1992 to 4 June, 1992. Interest payable on 4 June, 1992 £264.56 per £100,000 note and £2,645.63 per £1,000,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

## SOUTH AFRICA 1992

The FT proposes to publish this survey on May 25 1992.

This survey will be read in 160 countries worldwide, including South Africa where it will be widely distributed. In Europe 92% of the professional investment community regularly read the FT. If you want to reach this important audience, call Louise Hunter 071 873 3238 or Fax 071 873 3079.

Data source: Professional Investment Community 1991 (IPIC 91/92)

## FT SURVEYS

**YOU WILL FIND THE FT WHEREVER YOUR BUSINESS TAKES YOU**

NEW ISSUES March 4 1992



**Fannie Mae**

\$700,000,000

7.05% Debentures

Dated March 10, 1992 Due March 10, 1997

Interest payable on September 10, 1992 and semiannually thereafter

Series SM-1997-N Cusip No. 313586 3K3

Callable on or after March 10, 1995

Price 99.859375%

\$500,000,000

7.50% Debentures

Dated March 10, 1992 Due March 10, 1999

Interest payable on September 10, 1992 and semiannually thereafter

Series SM-1999-G Cusip No. 313586 3L1

Callable on or after March 10, 1996

Price 99.953125%

The debentures of March 10, 1997 are redeemable on or after March 10, 1996 and the debentures of March 10, 1999 are redeemable on or after March 10, 1996. The debentures are redeemable in whole or in part at the option of the Corporation at 101% of the principal amount of the debentures plus accrued interest through the date of redemption.

The debentures are the obligations of the Federal National Mortgage Association a corporation organized and existing under the laws of the United States, and are issued under the authority contained in Section 301(a) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.).

The debentures, together with any interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than Fannie Mae.

This offering is made by the Federal National Mortgage Association through its Senior Vice President/Finance and Treasurer with the assistance of a nationally recognized group of recognized dealers in securities. Debentures will be available in book form only. There will be no self-directed securities offered.

Gary L. Perlin

Senior Vice President/Finance and Treasurer

3900 Wisconsin Avenue, N.W. Washington, D.C. 20016

Linda K. Knight

Vice President and Assistant Treasurer

3900 Wisconsin Avenue, N.W. Washington, D.C. 20016

This announcement appears as a matter of record only. This announcement is neither an offer to sell nor a solicitation of an offer to buy any of the Debentures.

## DONG AH CONSTRUCTION INDUSTRIAL CO., LTD

US \$ 100,000,000

FLOATING RATE NOTES 1997

Notice is hereby given that, in accordance with the provisions of the above mentioned Floating Rate Notes, the rate of interest for the six months period from March 5, 1992 to September 8, 1992 (187 days) has been fixed at 5% per annum.

The interest payable on September 8, 1992 will be US \$ 259.72 in respect of each US \$ 10,000 Note and US \$ 6,493.06 in respect of each US \$ 250,000 Note.

BANQUE INTERNATIONALE A LUXEMBOURG

Societe Anonyme

AGENT BANK

# Anglovaal Limited

Incorporated in the Republic of South Africa  
Reg. No. 05/045880/06



## Interim Report and Dividend Announcement for the Half-Year ended 31 December 1991

### FINANCIAL RESULTS

The consolidated results are as follows:

#### GROUP INCOME STATEMENT

	Unaudited Half-year ended 31 December 1991 Rm	Unaudited Half-year ended 31 December 1990 Rm	Increase/ (Decrease) %	Audited Year ended 30 June 1991 Rm
Turnover	4 108.5	3 843.3	7	7 735.7
Operating profit	376.1	397.0	(5)	815.6
Income from investments	22.5	15.9	42	39.1
Profit before taxation	398.6	412.9	(3)	854.7
Taxation	178.6	192.7	(7)	375.7
Profit after taxation	220.0	220.2	0	479.0
Equity accounted earnings	45.7	39.0	17	62.7
Profit after taxation including equity accounted earnings	265.7	259.2	3	541.7
Attributable to outside shareholders of subsidiaries	122.6	123.9	(1)	276.6
Earnings attributable to equity shareholders	143.1	135.3	6	265.1
Earnings per share (cents)	240	227	6	478
Dividend per share (cents)	33	30	10	92
Number of shares on which earnings per share is based ('000)	39 624	59 622		59 622
Net worth per share (cents)	50	46		50

#### GROUP BALANCE SHEET

	Unaudited 31 December 1991 Rm	Unaudited 31 December 1990 Rm	Audited 30 June 1991 Rm
Capital employed	2 148.7	1 914.7	1 974.3
Shareholders' interest	1 974.8	1 431.8	1 530.3
Outside shareholders' interest	4 123.5	3 346.5	3 544.6
Total shareholders' interest	206.6	200.6	200.6
Debt capital	153.5	174.2	162.3
Deferred taxation	167.0	372.3	331.0
Long-term borrowings	4 644.6	4 093.6	4 198.5
Employment of Capital			
Fixed assets	1 362.2	1 258.4	1 300.7
Investments	1 064.5	740.4	1 026.7
- associates and mining and life assurance subsidiaries	764.0	570.8	767.5
- listed	137.0	146.1	135.7
- unlisted	163.5	23.5	133.5
Loans and long-term debtors	43.1	33.9	41.9
Net current assets	2 174.8	2 060.9	1 819.2
Current liabilities	4 129.1	3 679.2	3 694.2
Current liabilities - interest bearing	350.8	210.7	200.1
- other	1 683.5	1 407.6	1 674.9
Market value of listed investments, associates and mining and life assurance subsidiaries	1 596.8	1 591.3	1 891.7
Book and carrying value of listed investments, associates and mining and life assurance subsidiaries	523.1	478.3	509.0

**COMMENT:** Group earnings were slightly ahead of the previous year mainly as a result of the increased contribution from Anglovaal Industries Limited ("AVI"). Earnings of AVI increased by 18 per cent. This was attributable to higher earnings contributions by AVI Diversified Holdings Limited, Consol Limited, Irvin & Johnson Limited and National Brands Limited which largely offset a substantially reduced contribution from Grinaker Holdings Limited and, to a lesser extent the textile businesses of Avex Holdings Limited.

Income from the Group's mining investments was generally at the same level as that received during the comparable period last year.

Interest received by the Company and Middle Westwaterland (Western Areas) Limited was lower due to a softening of rates and reduced surplus funds following the purchase of investments and the R232.1 million used by the Company to take up its rights in the recent AVI rights offer.

As recessionary economic conditions - both local and overseas - are expected to persist for at least the rest of the financial year, Group earnings will continue to remain under pressure.

The current phases of the major exploration programmes for gold in the northern Orange Free State are nearing completion. In the Sun area, the drilling programme, designed to further delineate certain ore body boundaries and reef/grade continuity, is progressing as planned and is expected to be completed around mid 1992, whereafter the results will be evaluated. In the Oribi area, results from the current drilling programme are being evaluated and may result in the purchase of additional mineral rights in the area of interest, and further drilling. During the period under review, the Group's total share of exploration expenditure, the purchase of mineral rights and ancillary costs amounted to R38.2 million (1990: R36.0 million). It is estimated that the Group's total share for the current half-year will amount to R43.5 million.

Target Exploration Company Limited is continuing with the exploration of the mineral interests that it acquired from Loraine Gold Mines Limited. A total of 19 300 metres was drilled in 20 boreholes during the six months ended 31 December 1991 and, in all but two of the boreholes, initial intersections were achieved on all the major reefs. During the six months, 10 of these boreholes were completed. The results of the current drilling programme will be published when the outstanding multiple deflections on the various reef horizons have been completed and initially evaluated. Exploration expenditure since inception to 31 December 1991 amounted to R30.3 million. It is estimated that a further R6.0 million will be expended to finalise the current drilling programme.

The development by De Beers Consolidated Mines Limited of the diamond mine on the farm Venetia, in the northern Transvaal - pursuant to the agreement with Saturn Mining, Prospecting and Development Company (Pty) Limited ("Saturn"), in which the Group has an 87.5 per cent interest - is progressing according to plan and remains scheduled to be brought into production in the second half of 1992, with full production being achieved early in 1993. Pending recoupment of capital, Saturn is receiving a minimum royalty of 12.5 per cent of the mine's profits before appropriations for capital expenditure. An amount of R2.8 million (1990: nil) was received by Saturn during the period under review.

#### INVESTMENTS: The principal changes were as follows:

During October 1991, AVI, Consol Limited and Irvin & Johnson Limited raised a total of R787.9 million by way of rights offers of unsecured automatically convertible subordinated debentures. Anglovaal subscribed for its full entitlement to the AVI debentures at a cost of R232.1 million.

In September 1991, National Brands Limited disposed of its 16.2 per cent interest in Cadbury Schweppes (South Africa) Limited for R177.1 million, giving rise to a capital profit of R153.7 million. With effect from 1 October 1991, National Brands acquired the trade marks and certain assets of Buffalo Food Corporation (Pty) Limited. On 25 February 1992, National Brands announced its intention to acquire the 27.6 per cent minority shareholders' interests in Pleasure Foods Limited. The total consideration would amount to R16.0 million and Pleasure Foods would then be constituted as a wholly-owned subsidiary of National Brands.

On 4 March 1992, AVF Group Limited and its subsidiaries, Anglovaal Insurance Holdings Limited, AA Life Assurance Association Limited and Crusader Life Assurance Corporation Limited, completed rights offers of ordinary shares. Anglovaal followed its rights to the AVF Group offer at a cost of R25.5 million.

With effect from 30 September 1991, the Group acquired a 51 per cent holding in Bearing Man Limited, a company listed on The Johannesburg Stock Exchange, as a result of the merging of the bearings businesses of Steelmetals (Pty) Limited with those of Bearing Man.

Claude Neon Limited was sold, with effect from 1 July 1991, following acceptance of an offer to acquire the Group's 65.4 per cent shareholding in that company.

#### EXTRAORDINARY ITEMS: The following items have not been taken into account in earnings attributable to equity shareholders:

	Half-year ended 30 December 1991 Rm	Half-year ended 30 December 1990 Rm
Surplus on disposal of listed investment	90.0	-
Provision against investment in associated company	(10.2)	-
Goodwill written-off	(4.9)	(0.1)
Other	(9.3)	(0.1)
Net extraordinary items attributable to equity shareholders	75.6	(0.4)

**CAPITAL EXPENDITURE:** The capital expenditure of the Group for the half-year ended 31 December 1991 was R116.5 million (1990: R91.8 million). Capital expenditure amounting to a further R164.4 million (1990: R131.3 million) at 31 December 1991 had been authorised, of which R47.2 million (1990: R33.6 million) had not yet been contractually committed.

**COMMITMENTS AND CONTINGENT LIABILITIES:** At 31 December 1991 commitments amounted to R3.1 million (1990: R6.1 million). Contingent liabilities amounted to R19.0 million (1990: R6.1 million).

#### RESTATEMENT OF 30 JUNE 1991 RESULTS: The audited income statement and balance sheet for the year to 30 June 1991 have been restated to take account of the audited AVF Group Limited financial statements which were not available when the Group finalised its annual financial statements. The reduction of provisions previously charged against Group profit has resulted in an increase in earnings of 8 cents per share, or 1.7 per cent, to 478 cents per share. Extraordinary items have been adjusted to take account of the finalisation of the amount of the special provision in respect of actuarial liabilities made by an insurance subsidiary.

**INTERIM DIVIDEND DECLARATION:** Notice is hereby given that interim ordinary dividend No. 92 of 33 cents (1990: 30 cents) per share and interim N ordinary dividend No. 4 of 33 cents (1990: 30 cents) per share have been declared payable to holders of ordinary and N ordinary shares registered in the books of the Company at the close of business on Friday, 20 March 1992. Payments of the dividends are subject to conditions which are available for inspection at the registered office or office of the London Secretaries of the Company. The dividends have been declared in the currency of the Republic of South Africa and payments from London will be made in United Kingdom currency at the rate of exchange ruling on 30 March 1992. Warrants in payment of the dividends will be posted on or about 16 April 1992. The transfer books and registers of members in Johannesburg and London will be closed from 21 to 27 March 1992, both days inclusive.

For and on behalf of the board  
B.E. Hersov, Chairman  
Clive S. Menell, Deputy Chairman  
5 March 1992

Registered Office  
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Johannesburg 2001

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#### Directors:

B.E. Hersov D.M.S., Hon. LL.D. (Chairman), Clive S. Menell (Deputy Chairman),  
B.L. Bernstein Hon. LL.D., D.J. Crowe, Dr. O.D. Dhlomo, E.H. Fox, J.J. Geldenhuys,  
E.G.D. Gordon, E.J. Mabuza, J.C. Roberge, R.T. Swemmer, R.A.D. Wilson.

## UK COMPANY NEWS

# More O'Ferrall tumbles to £5.8m

By Maggie Urry

MORE O'FERRALL, the billboard and bus shelter advertising contractor, suffered "extremely weak" trading conditions in 1991 and saw pre-tax profits fall by 40 per cent from £9.7m to £5.8m.

However, Mr Russell Gore-Andrews, chairman, said that after a 60 per cent drop in first-half profits to £800,000 (£2m) second-half trading was "substantially better". The shares rose 5p to close at 244p.

The outlook would largely depend on a recovery in the UK market, he said. So far the first quarter was weaker than last year and there was a hesitancy by advertisers to commit themselves ahead of the election.

Group turnover fell 3.5 per cent to £27.7m, but the relatively high operational gearing in the business meant operating profits fell by 29 per cent to £3.2m.

Mr Brian Turnbull, finance director, said the group had cut costs where it could and capital expenditure had been reduced from £10m in 1990 to £5.8m in 1991, although this was still greater than the £4.8m depreciation charge.

The interest charge rose slightly to £3.4m (£3.3m) as borrowings increased over the course of the year.

In mid-December the group received the £13.3m net proceeds of its 1-for-4 rights issue in October, and at the year-end the group's borrowings had fallen by £16.1m to £8.5m, Mr Turnbull said. This represents a fall in net gearing from 128 per cent to 25 per cent.

A lower tax rate of 29.7 per



Russell Gore-Andrews: the outlook largely depends on a recovery in the UK market

cent, compared to 33.9 per cent, was achieved by using tax losses overseas. Mr Turnbull said this would continue in 1992 and beyond. Earnings per share were 14.9p against 24.3p for 1990 after adjusting for the rights issue.

Mr Gore-Andrews said the group had been confident of keeping its promise of a final dividend of 10p on the enlarged capital ensuing from the rights issue, although this left retained profits of only £16,000 (£3m).

That gives a total pay-out for the year of 13.2p, unchanged in money terms but slightly up from the rights-adjusted level of 12.9p.

Operating profits in the UK and Ireland fell 36 per cent to £7.1m on sales 8.4 per cent lower at £38.9m. In Belgium

profits were 8.8 per cent down at £1.4m, although this hid a good recovery in the second half after the integration of Visibility, the business acquired in 1990.

A strong performance in France, despite a weak market, lifted profits to £855,000 (£364,000). Losses in the Californian subsidiary more than offset a recovery in profits from Taiwan in the second half, to give a loss of £158,000 (£42,000 profit) from "other" areas.

#### COMMENT

It is hard to get enthusiastic about More O'Ferrall's short-term prospects after two successive years of 9 per cent falls in UK advertising expenditure, and a couple of false dawns last year. Media fore-

casters' predictions of 10 per cent growth in the advertising market this year may well prove over-optimistic. And there is also the prospect of a European ban on tobacco advertising. Tobacco advertisements represent 5 to 7 per cent of the group's UK turnover and 8 per cent of its Belgian business. Once business does recover the high operational gearing will mean profits rising sharply, but this makes forecasting difficult. Assuming some pick up in the second half of the current year and with the rights money cutting the interest charge, pre-tax profits could reach £8m, giving a prospective p/e of about 12.3. An historic yield of 7.2 per cent sustains interest in the shares until the expected profit bounce arrives.

## Renishaw down 24% to £4.1m

By Roland Rudd

PRE-TAX PROFITS at Renishaw, the maker of precision metrology and inspection equipment, fell 24 per cent from £5.4m to £4.1m in the half-year to December 31.

Sales fell from £22.1m to £21.2m reflecting a depressed worldwide machine tool sector.

Mr David McMurtry, chairman, blamed most of the profit fall on the decision to maintain research and development expenditure and investment in manufacturing which is running at an annual rate of 55m.

Earnings per share fell to 6.1p (7.6p). An interim dividend of 2.5p (2p) is declared.

## Power generators under attack

By Juliet Sychnava

NATIONAL POWER and PowerGen will be unable to maintain dividend growth in the mid-1990s, according to a report published by Barclays de Zoete Wedd, the stockbroker.

The report is one of the harshest attacks on the two electricity generators since their privatisation last March.

BZW forecasts pre-tax profits of only £250m for National Power by the year ending March 1994, compared with £500m for the 12 months to March 1992.

For PowerGen, the brokers anticipate a fall in pre-tax profits from £340m to £170m over the same period.

The report expects earnings per share for both companies to almost halve over the two

years, and dividends to decline from 9p to 7.5p at National Power and from 9.2p to 7.7p at PowerGen.

BZW believes the main reason for the squeeze on profits will be increased competition and tighter regulation in the mid-1990s and says shares in both companies should be sold.

"The shares do not reflect the possible length or depth of a profits downturn from 1994," BZW warns.

The stockbroker believes both companies' shares are overvalued by a third relative to the market.

The generators face the threat of an oversupplied market as new generators come on stream in the mid-1990s. Although they are currently protected by contracts to sell

electricity put into place at privatisation, these will expire in March 1993. Then, BZW forecasts, the market will be oversupplied and returns will fall.

A second threat is "offer" electricity, which "offer" is intent on realising the benefits of competition in generation," BZW says.

The stockbrokers expect offer to be tougher than investors anticipate, and prevent the generators from artificially boosting electricity prices by closing power stations to tighten supply.

Offer will force the generators to offer these stations to their competitors, BZW believes.

National Power/PowerGen: Profits Under Pressure, BZW Research.

## John Lewis dips 16% amid tough trading

By John Thornhill

JOHN LEWIS Partnership, the employee-owned department store and supermarket group, yesterday revealed that it had endured its toughest spell of trading since the Second World War as profits fell for the third successive year.

At the pre-tax level, annual profits slipped by 16 per cent to £77.3m as a result of rising costs and higher interest charges. The company warned that it expected the "unhelpful economic climate" to continue.

Some £30.2m would be shared between the 34,000 employees in the form of the company's annual bonus. The cash pay-out represented 9 per cent of annual salary and the lowest percentage payment since 1958-59 when a 7 per cent distribution was made in preference stock.

On average, each employee (or partner as they are known) will receive a bonus of £23 before tax compared with £1.180 last year.

The company, which runs 22 department stores and 97 Waitrose supermarkets, increased sales by 6 per cent to £2.28bn (including VAT) in the year to January 26. The department stores increased sales by 4 per cent to £1.13bn while Waitrose supermarkets lifted sales by 8 per cent to £1.12bn.

Trading profits fell by 9 per cent to £100.1m as the company's manufacturing arm was particularly badly hit.

The increase in average borrowings to £226m resulted in a higher interest charge of £22.8m (£19.4m).

Mr Peter Lewis, chairman, said in the circumstances it had been "a pretty solid and certainly very welcome result".

He pointed out that although the annual bonus distribution was 17 per cent lower than last year, partners had on average received 5 per cent more pay in 1991-92 as a result of increases in annual salary.

Everything possible must now be done to curtail the growth in expenses to align them more closely with increases in revenue, he said.

#### Tor assets ahead

Net asset value at Tor Investment Trust at January 31 was 141p (138.7p) per income share or 1,053.6p (£93.5p) per capital share. Earnings were 14.3p (18.02p).

Some £576,000 of the decline represented restructuring costs. However, with cash balances improving to £2.13m (£2.48m) directors propose to maintain the dividend for the year to 27p via a final 1.8p.

Turnover totalled £28.1m (£29.9m) and earnings per share emerged at 0.8p (£5.5p).

**Singapore Para shows rise**  
Singapore Para Rubber Estates, the rubber and palm oil producer, reported an increase from £243,774 to £268,889 in pre-tax profits for the year to December 31 on turnover up from £214,882 to £256,449.

The dividend is partially restored to 1.1p (1p) per 6p stock unit - it was 1.55p for 1989 - from earnings of 1.58p (£2.2p).

**TR City of London assets up over year**  
TR City of London Trust had a net asset value of 108.55p at December 31 compared with 99.2p a year earlier and 110.49p at end-June 1991.

Net revenue for the half year ended December 31, edged ahead to £4.24m (£4.36m), equal to earnings of 2.28p (£2.49p). Mr Job Curtis, the fund manager, said he expected that earnings for the full year would cover the forecast dividend of 4.78p - 1.19p per quarter.

**French Property asset value lower**  
Net asset value per share of French Property Trust declined by 12.4 per cent to 67.8p over the year to December 31.

Net revenue amounted to £389,608 (£178,716 for the period April 6 to December 31 1990). The dividend is 1p (0.47p). Earnings amounted to 1.53p (0.71p).

**Radius tumbles to £366,000**  
Profits of Radius, the USM-quoted company engaged in computer systems and maintenance, continued to fall sharply during the second half and for the full year to November 30 dived from £2.82m to £366,000 pre-tax.

#### NEWS DIGEST

## MTL rises sharply to £4.61m

PROFITS of MTL Instruments Group rose from £3.77m to £4.61m pre-tax for 1991. The 23 per cent improvement was achieved on the back of a 44m rise in turnover to £18m.

The USM-quoted company, a maker of electrical instruments and control systems, is raising the year's dividend by 21 per cent to 3.4p with a proposed 1.9p final (13.69p) per share.

An extraordinary credit of £552,000 represented a pension scheme surplus in respect of a pension fund established for one of the founder directors.

#### Readymix declines to £3.63m

"1991 was a year of mixed fortunes" for Readymix, the Dublin-based concrete and building materials group, with pre-tax profits declining from £4.85m to £3.63m (£3.38m).

Moreover, the company said that "the final outcome was somewhat better than could have been anticipated from the first six months, when profits fell 55 per cent to £1.78m."

It added that the year had seen "a return to more normal levels of construction activity

after the exceptionally buoyant conditions experienced in 1990". In terms of profits and earnings per share, 1991 had been the company's second best year.

Turnover slipped to £31.7m (£32.2m). While major road projects, sanitary services and industrial development had maintained "reasonable levels of demand", housing, agriculture and commercial developments were weak.

Earnings shed 2.78p to 8.05p per share and the final dividend is lifted to a proposed 2.2p for a total of 2.78p (2.5p).

#### Holders Technology static at £380,000

Reducing costs and minimising exposure to bad debts and adverse currency movements helped enhance margins at Holders Technology, the supplier of tools, materials and equipment to the printed circuit board industry.

Pre-tax profits were static at £380,000, against £378,000, on turnover down from £2.78m to £2.98m.

Mr Rudolf Weinreich, chairman and chief executive of this USM-quoted company, said that the UK economy had made no improvement, despite the either to holders or to its customers, in the second half. Given this he regarded the result as "satisfactory".

Indeed the recession had spread to the Continent and had stifled progress in Ger-

#### Sumit net asset value down to 108p

A further decline in net assets was sustained by Sumit in the second half of 1991.

The company reported a fall to 108p in net asset value per share at that date against 115p at the interim stage and 151p at the previous year end.

Mr Simon Sharp, chairman, said that profits of most of the trust's investee companies had virtually disappeared, leaving little capacity for paying dividends.

With regard to this the recommended distribution for the year is reduced to 1.25p (£5.8p), payable from earnings down from 7.3p to 1.4p.

#### TLS returns to profit in second half

TLS Range, the Manchester-based vehicle hire group, returned to profit in the second half of the 1991 year.

But the USM-quoted company still incurred a pre-tax loss of £258,000, against profits of £207,000. The dividend is passed. Last year there was a total of 1.8p.

Turnover was £9.7m (£8.8m) with the corporate sector mak-

ing up for lower demand from private customers. Losses per share were 1.39p (earnings 5.2p).

#### Umeco subsidiary sold to management

Umeco, the USM-quoted maker of equipment for the aerospace and aviation industries, has sold Lohet, a non-core subsidiary, to its management for £355,000.



## UK COMPANY NEWS

## Pentland triples annual dividend

By Angus Foster

PENTLAND GROUP, which made its fortune from an investment in Reebok, the US sports shoe maker, yesterday tripled its dividend for the year after announcing higher-than-expected profits.

The company reported pre-tax profits of £19.8m for 1991. The figure is not comparable with 1990 because of the disposal of the Reebok stake in February 1991. The sale raised about £368.5m and contributed to extraordinary profits of £207m.

Because of the sale, the company restated its accounts for 1990, treating Reebok as an investment. Following this change, 1990 pre-tax profits on continuing operations were reduced from £55.3m to £3.7m.

The directors are recommending a final dividend of 1.3125p to make a total of 2.25p (0.75p).

The company had net cash of £273m at December 31 and in 1991 earned £6.3m in interest income (charge £7.9m). Mr Stephen Rubin, chairman, said:

"It really is good to be cash rich in the current climate."

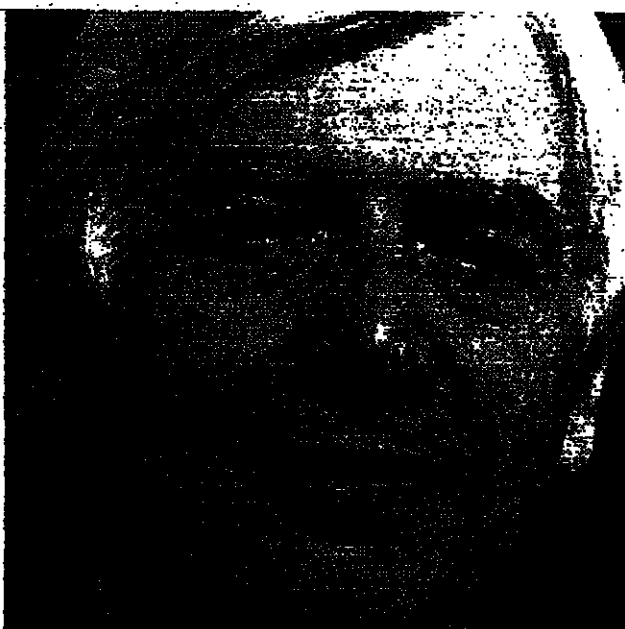
Pentland completed two acquisitions last year and is continuing to look for targets.

In August, it paid \$48.1m for a 20.05 per cent stake in Adidas, the German sporting goods company controlled by Mr Bernard Tapie, the French entrepreneur. Mr Rubin said Pentland had an option to take a further 5 per cent between 1993 and 1996. The stake has not been equity-accounted and is being treated as an investment.

Pentland would probably like to increase its stake further if the chance arose, for example if Mr Tapie needed to sell another tranche. But Mr Rubin admitted the matter was outside his control.

Speedo, the swimwear brand of which Pentland bought the worldwide rights and various distributors, is being built up. Distribution has been extended to eight new countries.

Pentland's shares gained 4p to 101p.



Stephen Rubin: good to be cash rich in current climate

## O'Reilly builds stake in Conroy Petroleum

THE ONGOING battle for control of Conroy Petroleum, the Irish exploration group, took an unexpected turn yesterday with the announcement that Mr Tony O'Reilly, one of the country's leading businessmen, has taken an additional 16.3 per cent stake, writes Tim Cooney.

Mr O'Reilly has bought out the entire interest of Dundee Bancorp in Conroy through Columbia Investments, a company which he controls.

Last month Dundee Bancorp and Outokumpu, the two principal shareholders, successfully ousted Conroy's entire board, including Mr Richard Conroy, the chairman. The two shareholders were incensed at Mr Conroy's decision last year to take over Mr O'Reilly's Atlantic Resources, an oil and gas exploration company.

Mr Brendan Gilmore, the new co-chairman, following Mr O'Reilly's increased stake, said: "We are looking forward to a long-term relationship with Outokumpu at shareholder and board level."

He said that "no commitments" had been made regarding future ore marketing arrangements but added: "I would hope we would be able to develop a relationship which would be positive for all the shareholders."

Mr O'Reilly's beneficial interest in Conroy is now 20.5 per cent and together with Mr Conroy and "those who are to be concerned parties with him" now controls a total of 28.9 per cent.

The 9.025m shares held by Dundee were sold at 80p each, a substantial premium over the previous day's trading when Conroy's shares closed in London at about 50p.

## Book discounting policy helps Pentos advance 7% to £15.2m

By Raymond Snoddy

MR TERRY MAHER, chairman of Pentos, the book retailing and office equipment group, yesterday announced a 7 per cent increase in pre-tax profits to £15.2m for the year to end-December.

At the same time Mr Maher reopened his campaign against the net-book agreement, the voluntary agreement which sets minimum prices for most books.

The Pentos chairman revealed the first results since last winter's campaign against the net-book agreement, when the company offered discounts of 25 per cent on some 20 books published outside the NBA by Reed International.

Mr Maher said that December sales at Dillons, the main Pentos chain, had risen by 23.5 per cent compared with 3 per cent for booksellers as a whole.

When newly-opened Dillons stores were excluded and the comparison was limited to existing shops year-on-year the

increase was 8 per cent, compared to 1 per cent for bookshops as a whole.

The controversial bookseller said that Dillons' share of Reed's turnover had increased by more than 50 per cent.

Customers who bought discounted titles had bought an average of two other books and secondary purchases had been worth £28, almost three times Dillons' usual transaction value of £10.

"I believe we have shown as conclusively as possible that professional marketing works in the book trade," Mr Maher said.

He yesterday appealed to other publishers to join Reed in publishing books outside the NBA so that they could be discounted.

So far no other publisher has joined Reed, and most booksellers are very sceptical about the benefits of discounting.

The group's £15.2m profits were achieved on net sales of

£204m - an increase of 19 per cent.

Earnings per share at 9.1p were 2 per cent down, but a final dividend of 2.06p is recommended making a total for the year of 2.75p, a rise of 10 per cent.

Total sales at Ryman were 3 per cent ahead, and sales in some shops equalled the previous year.

Office furniture sales fell by 10 per cent and profit was cut by a third to £3.7m.

"In the midst of the longest and deepest recession since the Second World War a profit increase of 7 per cent represents a satisfactory outcome for 1991. In particular Dillons performance was outstanding," said Mr Maher.

Dillons sales were 37 per cent ahead, or 23 per cent excluding Hatchards which was included for only part of 1990, he added.

Pentos shares closed up 1p at 138p.

## Woolwich plans 40 T&amp;C closures

By David Barchard

FORTY OF THE 78 branches of Town & Country, the building society which was taken over by Woolwich Building Society last October, are to be shut down when the merger of the two societies is completed early in May.

News of the closures, which are likely to make a substantial number of T&C staff redundant, were announced along with news of a sharp fall in Woolwich's profits during 1991 because of sharply increased provisions against bad debts.

Mr Peter Robinson, deputy chief executive, said it was impossible to say at this stage how many T&C staff would lose their jobs.

Woolwich's pre-tax profits fell by 21 per cent to £126.4m (£173m). Bad debt provisions were £72.4m, up from £32m in 1990. In addition the society wrote off loan losses of £23m during the year.

Its assets grew from £18.2m

to £20.2m during the year, but its two main businesses, savings and mortgage lending, both contracted.

Lending was down to £3.1bn (£3.6bn), while net receipts of savings in 1991 were £1.2bn (£1.45bn).

"We decided not to push the boat out in a thin market," said Mr Donald Kirkham, chief executive. He said that the Woolwich had held its own in market share terms.

During the year, Woolwich enlarged its network of estate agencies and took over T&C. It also developed its European mortgage operations in France and Ireland. Mr Kirkham said these investments were the main reason why the society's cost-income ratio rose from 53.7 to 59.9 per cent, about 10 percentage points higher than the industry average.

Woolwich's results contrasted with a sparkling 1991 performance announced yesterday by Yorkshire, the 12th

largest society.

Its pre-tax profits rose by 20 per cent to £52.6m. Total mortgage lending was up by 15 per cent to £37.6m, while the society's assets grew by 17 per cent to £4.18bn.

Yorkshire's cost-income ratio dropped to 42 per cent, its lowest ever level. Loan loss provisions were £15.3m, up from £9m in 1990.

The society's strong showing partly reflected the fact that much of its customer base is in the north of England which has been less affected by the recession than the south-east.

Mr Derek Roberts, chief executive, said that his society's strong all-round performance demonstrated that it was well equipped to deal with tough market conditions. "Although bad debt provisions are high, the society has been protected by its prudent levels of growth during the boom years in the housing market," he said.

## Young Group in talks with Hanson arm

Young Group, the opencast and drift coal miner which earlier this week announced it was facing reduced profits for 1991 and required more working capital, is in negotiation over its Venezuelan operation with Peabody, a US subsidiary of Hanson, writes Chris Tighe.

Talks are in progress over whether Peabody, the US's largest coal producer, should become a partner in Young's Venezuelan operation, injecting working capital, or buy out the company's stake there.

Neither Young Group or Hanson would comment yesterday on the discussions.

## Courtney Pope seeks £5m refinancing

By Jane Fuller

COURTNEY Pope Holdings, the shopping group where several subsidiaries were put into receivership or closed to save two profitable ones, is being refinanced under a new management team.

A £5.1m rights issue will bring the company back to net worth of £2.9m. Alongside the issuing of additional shares to satisfy £1m bank debt, the group's indebtedness will be reduced to less than £800,000.

The new management - Mr George Dunne, Mr Tim Wightman and Mr Nino Allenza - will own 7.6 per cent of the equity after putting up £650,000. They are changing the company's name to that of

their private concern, Rubicon Group.

Courtney Pope has been run by Mr Ronnie Aitken, a company director, since October 1990. His debts peaked at more than £15m. During the rescue, eight subsidiaries were put into administrative receivership and eight others were closed or sold.

The group's bank debt was reduced to £4m last year. About £3m of the issue proceeds will go to the banks. To settle other liabilities, shares will be issued to Barclays, which will own 7.5 per cent of the equity, and NatWest, giving it just over 4 per cent.

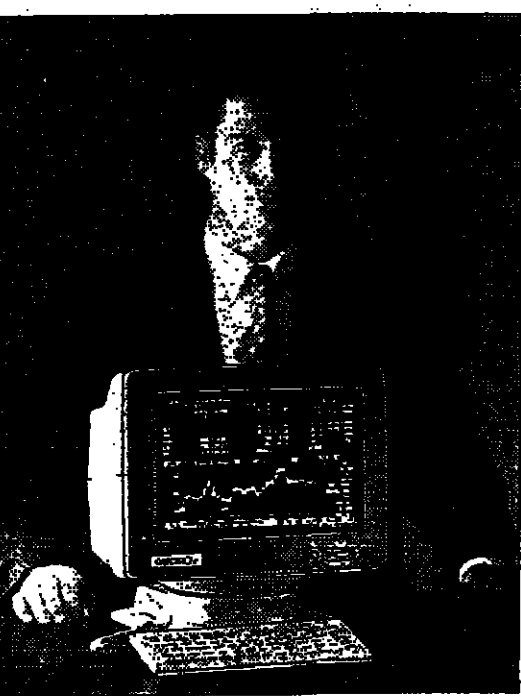
The remaining core of the

business comprises Versatile, a maker of shopfittings for and Potrafke (UK), a supplier of moving belt checkouts.

In the six months to November 30, for which the results were also announced yesterday, Courtney Pope made a pre-tax profit of £863,000 (loss of £3.45m) on sales of £8.2m (£32.4m). This followed a pre-tax loss of £3.9m in 1990-91 and a retained loss of £16.6m.

Earnings per share were 5.5p (loss of 28.8p). The rights issue price of 85p is after a capital reconstruction which will turn 10 existing shares into one, making yesterday's closing price of 9.4p effectively 85p.

## THE CUTTING EDGE



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For further details, or a demonstration of this constantly updated service, contact Stuart Mitchell (London) on: 071 247 2222 or fax 071 277 2207. Masayuki Noguchi (Zurich) on: (01) 25 1015 or fax (0) 22 0000. Takashi Kurokawa (Paris) on: (01) 42 30 36 60 or fax (0) 42 30 36 60. Roger Middleton (Bahrain) on: 531 190 or fax 532 100.

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THE FINANCIAL WORLD IN VIEW

## ROLLS-ROYCE ANNUAL RESULTS

In 1991, Rolls-Royce turnover fell by 4% to £3,515 million, compared with £3,670 million in 1990.

Operating profit fell to £335 million (1990 £468 million) reflecting a sharp fall in profit margin, caused by reduced volumes and adverse business mix.

Profit before exceptional items and tax was £109 million (1990 £226 million) after charging £216 million net Research and Development (1990 £237 million).

After exceptional charges of £58 million (1990 £50 million), largely to cover restructuring, profit before tax was further reduced to £51 million (1990 £176 million).

Year end net cash was £52 million (1990 £170 million), a good performance in difficult trading conditions.

## GROUP PROFIT AND LOSS ACCOUNT

For the year ended December 31, 1991.

	1991 £m	1990 £m
Turnover	3,515	3,670
Operating Profit	335	468
Profit before exceptional items and taxation	109	226
Profit on ordinary activities before taxation	51	176
Profit attributable to shareholders	24	134

Earnings per ordinary share

- net basis	2.5p	13.9p
- all distribution basis	3.5p	15.3p
Dividend per ordinary share	7.25p	7.25p

Dividend: The directors recommend a final dividend of 4.7p per share (1990 4.7p per share) making a total dividend for 1991 of 7.25p per share.

## ANALYSIS BY BUSINESS

Turnover	1991 £m	1990 £m
Aerospace	2,033	2,339
Industrial Power	1,482	1,331
	3,515	3,670
Profit*	1991 £m	1990 £m
Aerospace	(6)	81
Industrial Power	73	102
	67	183

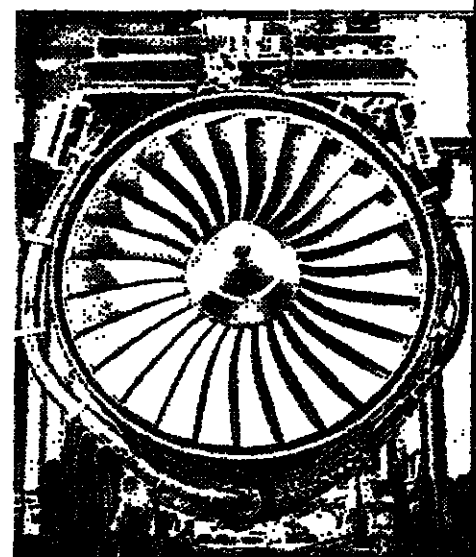
\*Profit represents "profit on ordinary activities before taxation", after exceptional items, adjusted for net interest.

Commenting on the results, the Chairman of Rolls-Royce, Lord Tombs of Brailes, said: "The results are set against a background of economic recession, made worse by the Gulf War. However, our broader business base has enabled us to report profits in this difficult climate."

"We have continued to strengthen our position in highly competitive international markets. Our progress in building the order book whilst maintaining a strong balance sheet and reducing our cost base gives us every confidence for the future. On this basis we have maintained the dividend at the 1990 level."

Rolls-Royce plc, 65 Buckingham Gate, London SW1E 6AT.

Financial data for the year to December 31, 1991 has been audited from the full Group accounts for that period. The 1991 accounts, which received an auditor's report without qualification, have not yet been delivered to the Registrar of Companies. The Annual Report will be published and sent to all Rolls-Royce plc shareholders by the end of April.









## LONDON STOCK EXCHANGE

## Equities upset by political concerns

By Terry Byland, UK Stock Market Editor

POLITICAL and economic factors returned to centre stage in the London stock market yesterday, competing with the flow of corporate results for the attention of investment fund managers.

An opinion poll, unconfirmed but clearly leaked in the UK press, indicated a five-point lead for the Labour opposition party in key marginal electoral constituencies and set the background for a weak stock market. Equally disturbing was a fall in sterling and in UK government bonds, both challenging confidence in prospects for the cut in base rates that has been virtually built into stock market calculations.

The market opened lower, with confidence additionally bruised by the 21 point fall in

surfaced at the close of the previous session, and also by a handful of large corporate trades. The trend was established early when Singer & Friedlander, the merchant bank, followed up the deals reported late on Wednesday by announcing that it was operating the authorised purchase of up to 23.6m shares.

The company reporting list was again heavy and, on balance, favourable to the market's confidence. Rolls-Royce, the aero-engine group, supported the recent trend by maintaining its dividend payment in spite of a heavy fall in profits. Results from Ladbroke, the leisure and hotels group, were also well taken in the market.

But the mood of the equity sector sounded less than happy

as strategists weighed up the outlook ahead of the budget speech on Tuesday and the UK general election expected to follow soon after. Government bonds, a full point off on Wednesday, shed a further half point at one stage yesterday as investors continued to shy away from warnings regarding the level of the Public Sector Borrowing Requirement.

Pharmaceutical stocks, which exert considerable influence on the Footsie, looked steadier at first as the sector tried to rally from its weakness on Wall Street. But by the close, most of the leading names were easier, and the sector lacked the support from the US which will be needed for a genuine recovery in London. Wellcome, however, continued to stabilise after the setback

provoked by the Foundation's decision substantially to reduce its stake in the equity.

The bout of nerves surrounded the base rate hopes showed itself in a round of losses among store and similar consumer issues, whose fortunes are closely linked with hopes that a revival in consumer spending will lead the way out of recession in the UK.

Seag volume increased sharply to 606.4m shares from 530.5m in the previous session. Wednesday's retail, or customer-originated, business was worth £1.2bn, once again indicating a return to healthier trading levels in the London equity market. Trading volumes have increased significantly in the past two sessions, both featured by weaker share prices.

## FINANCIAL TIMES STOCK INDICES

	Mar 5	Mar 4	Mar 3	Mar 2	Mar 1	Mar 0	1991/92	1990/91	Since Completion
Government Secs	87.42	87.76	88.15	88.26	88.35	88.13	88.55	82.17	127.40
							(27/2/92)	(21/1/91)	(8/1/93)
Fixed Interest	100.78	101.01	101.22	101.33	101.38	101.33	101.56	90.59	105.53
							(13/2/92)	(2/1/91)	(31/1/93)
Ordinary Shares	1570.6	1588.5	1567.0	1561.2	1563.0	1550.8	2108.3	1608.3	2108.3
							(2/3/91)	(16/1/91)	(21/1/91)
Gold Mines	126.5	126.0	130.1	128.9	130.2	143.4	222.8	126.0	73.7
							(11/7/91)	(4/5/92)	(15/2/92)
FT-SE 100 Share	2538.3	2558.4	2565.4	2564.3	2562.1	2437.7	2679.8	2054.8	2679.8
							(2/3/91)	(1/2/91)	(25/7/91)
FT-SE European 200	1187.90	1200.08	1198.84	1192.13	1195.15	1127.13	1200.08	938.62	1200.08
							(4/3/92)	(16/1/91)	(4/3/92)
							Base: 100 Govt. Secs 15/1/92; F&M Int. 1/8/24; Industry 1/7/92; Share Index 12/3/81; Bond Int. 1/10/81; 21/10/81; 8/1/93; 25/7/91		



## INVESTMENT TRUSTS - Cont.

[illegible]



LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Company	Price	1991/92	Div	Yield	PE
Investment National Inc.	121.5	118.5	1.2	1.2	11.5
Investment Trust	117.5	115.5	1.1	1.1	11.0
Investment Trust	115.5	113.5	1.0	1.0	10.5
Investment Trust	113.5	111.5	0.9	0.9	10.0
Investment Trust	111.5	109.5	0.8	0.8	9.5
Investment Trust	109.5	107.5	0.7	0.7	9.0
Investment Trust	107.5	105.5	0.6	0.6	8.5
Investment Trust	105.5	103.5	0.5	0.5	8.0
Investment Trust	103.5	101.5	0.4	0.4	7.5
Investment Trust	101.5	99.5	0.3	0.3	7.0
Investment Trust	99.5	97.5	0.2	0.2	6.5
Investment Trust	97.5	95.5	0.1	0.1	6.0
Investment Trust	95.5	93.5	0.0	0.0	5.5
Investment Trust	93.5	91.5	0.0	0.0	5.0
Investment Trust	91.5	89.5	0.0	0.0	4.5
Investment Trust	89.5	87.5	0.0	0.0	4.0
Investment Trust	87.5	85.5	0.0	0.0	3.5
Investment Trust	85.5	83.5	0.0	0.0	3.0
Investment Trust	83.5	81.5	0.0	0.0	2.5
Investment Trust	81.5	79.5	0.0	0.0	2.0
Investment Trust	79.5	77.5	0.0	0.0	1.5
Investment Trust	77.5	75.5	0.0	0.0	1.0
Investment Trust	75.5	73.5	0.0	0.0	0.5
Investment Trust	73.5	71.5	0.0	0.0	0.0
Investment Trust	71.5	69.5	0.0	0.0	0.0
Investment Trust	69.5	67.5	0.0	0.0	0.0
Investment Trust	67.5	65.5	0.0	0.0	0.0
Investment Trust	65.5	63.5	0.0	0.0	0.0
Investment Trust	63.5	61.5	0.0	0.0	0.0
Investment Trust	61.5	59.5	0.0	0.0	0.0
Investment Trust	59.5	57.5	0.0	0.0	0.0
Investment Trust	57.5	55.5	0.0	0.0	0.0
Investment Trust	55.5	53.5	0.0	0.0	0.0
Investment Trust	53.5	51.5	0.0	0.0	0.0
Investment Trust	51.5	49.5	0.0	0.0	0.0
Investment Trust	49.5	47.5	0.0	0.0	0.0
Investment Trust	47.5	45.5	0.0	0.0	0.0
Investment Trust	45.5	43.5	0.0	0.0	0.0
Investment Trust	43.5	41.5	0.0	0.0	0.0
Investment Trust	41.5	39.5	0.0	0.0	0.0
Investment Trust	39.5	37.5	0.0	0.0	0.0
Investment Trust	37.5	35.5	0.0	0.0	0.0
Investment Trust	35.5	33.5	0.0	0.0	0.0
Investment Trust	33.5	31.5	0.0	0.0	0.0
Investment Trust	31.5	29.5	0.0	0.0	0.0
Investment Trust	29.5	27.5	0.0	0.0	0.0
Investment Trust	27.5	25.5	0.0	0.0	0.0
Investment Trust	25.5	23.5	0.0	0.0	0.0
Investment Trust	23.5	21.5	0.0	0.0	0.0
Investment Trust	21.5	19.5	0.0	0.0	0.0
Investment Trust	19.5	17.5	0.0	0.0	0.0
Investment Trust	17.5	15.5	0.0	0.0	0.0
Investment Trust	15.5	13.5	0.0	0.0	0.0
Investment Trust	13.5	11.5	0.0	0.0	0.0
Investment Trust	11.5	9.5	0.0	0.0	0.0
Investment Trust	9.5	7.5	0.0	0.0	0.0
Investment Trust	7.5	5.5	0.0	0.0	0.0
Investment Trust	5.5	3.5	0.0	0.0	0.0
Investment Trust	3.5	1.5	0.0	0.0	0.0
Investment Trust	1.5	0.0	0.0	0.0	0.0

MERCHANT BANKS - Cont.

Company	Price	1991/92	Div	Yield	PE
Merchant Bank	115.5	113.5	1.1	1.1	11.0
Merchant Bank	113.5	111.5	1.0	1.0	10.5
Merchant Bank	111.5	109.5	0.9	0.9	10.0
Merchant Bank	109.5	107.5	0.8	0.8	9.5
Merchant Bank	107.5	105.5	0.7	0.7	9.0
Merchant Bank	105.5	103.5	0.6	0.6	8.5
Merchant Bank	103.5	101.5	0.5	0.5	8.0
Merchant Bank	101.5	99.5	0.4	0.4	7.5
Merchant Bank	99.5	97.5	0.3	0.3	7.0
Merchant Bank	97.5	95.5	0.2	0.2	6.5
Merchant Bank	95.5	93.5	0.1	0.1	6.0
Merchant Bank	93.5	91.5	0.0	0.0	5.5
Merchant Bank	91.5	89.5	0.0	0.0	5.0
Merchant Bank	89.5	87.5	0.0	0.0	4.5
Merchant Bank	87.5	85.5	0.0	0.0	4.0
Merchant Bank	85.5	83.5	0.0	0.0	3.5
Merchant Bank	83.5	81.5	0.0	0.0	3.0
Merchant Bank	81.5	79.5	0.0	0.0	2.5
Merchant Bank	79.5	77.5	0.0	0.0	2.0
Merchant Bank	77.5	75.5	0.0	0.0	1.5
Merchant Bank	75.5	73.5	0.0	0.0	1.0
Merchant Bank	73.5	71.5	0.0	0.0	0.5
Merchant Bank	71.5	69.5	0.0	0.0	0.0
Merchant Bank	69.5	67.5	0.0	0.0	0.0
Merchant Bank	67.5	65.5	0.0	0.0	0.0
Merchant Bank	65.5	63.5	0.0	0.0	0.0
Merchant Bank	63.5	61.5	0.0	0.0	0.0
Merchant Bank	61.5	59.5	0.0	0.0	0.0
Merchant Bank	59.5	57.5	0.0	0.0	0.0
Merchant Bank	57.5	55.5	0.0	0.0	0.0
Merchant Bank	55.5	53.5	0.0	0.0	0.0
Merchant Bank	53.5	51.5	0.0	0.0	0.0
Merchant Bank	51.5	49.5	0.0	0.0	0.0
Merchant Bank	49.5	47.5	0.0	0.0	0.0
Merchant Bank	47.5	45.5	0.0	0.0	0.0
Merchant Bank	45.5	43.5	0.0	0.0	0.0
Merchant Bank	43.5	41.5	0.0	0.0	0.0
Merchant Bank	41.5	39.5	0.0	0.0	0.0
Merchant Bank	39.5	37.5	0.0	0.0	0.0
Merchant Bank	37.5	35.5	0.0	0.0	0.0
Merchant Bank	35.5	33.5	0.0	0.0	0.0
Merchant Bank	33.5	31.5	0.0	0.0	0.0
Merchant Bank	31.5	29.5	0.0	0.0	0.0
Merchant Bank	29.5	27.5	0.0	0.0	0.0
Merchant Bank	27.5	25.5	0.0	0.0	0.0
Merchant Bank	25.5	23.5	0.0	0.0	0.0
Merchant Bank	23.5	21.5	0.0	0.0	0.0
Merchant Bank	21.5	19.5	0.0	0.0	0.0
Merchant Bank	19.5	17.5	0.0	0.0	0.0
Merchant Bank	17.5	15.5	0.0	0.0	0.0
Merchant Bank	15.5	13.5	0.0	0.0	0.0
Merchant Bank	13.5	11.5	0.0	0.0	0.0
Merchant Bank	11.5	9.5	0.0	0.0	0.0
Merchant Bank	9.5	7.5	0.0	0.0	0.0
Merchant Bank	7.5	5.5	0.0	0.0	0.0
Merchant Bank	5.5	3.5	0.0	0.0	0.0
Merchant Bank	3.5	1.5	0.0	0.0	0.0
Merchant Bank	1.5	0.0	0.0	0.0	0.0

OIL & GAS - Cont.

Company	Price	1991/92	Div	Yield	PE
Oil & Gas	115.5	113.5	1.1	1.1	11.0
Oil & Gas	113.5	111.5	1.0	1.0	10.5
Oil & Gas	111.5	109.5	0.9	0.9	10.0
Oil & Gas	109.5	107.5	0.8	0.8	9.5
Oil & Gas	107.5	105.5	0.7	0.7	9.0
Oil & Gas	105.5	103.5	0.6	0.6	8.5
Oil & Gas	103.5	101.5	0.5	0.5	8.0
Oil & Gas	101.5	99.5	0.4	0.4	7.5
Oil & Gas	99.5	97.5	0.3	0.3	7.0
Oil & Gas	97.5	95.5	0.2	0.2	6.5
Oil & Gas	95.5	93.5	0.1	0.1	6.0
Oil & Gas	93.5	91.5	0.0	0.0	5.5
Oil & Gas	91.5	89.5	0.0	0.0	5.0
Oil & Gas	89.5	87.5	0.0	0.0	4.5
Oil & Gas	87.5	85.5	0.0	0.0	4.0
Oil & Gas	85.5	83.5	0.0	0.0	3.5
Oil & Gas	83.5	81.5	0.0	0.0	3.0
Oil & Gas	81.5	79.5	0.0	0.0	2.5
Oil & Gas	79.5	77.5	0.0	0.0	2.0
Oil & Gas	77.5	75.5	0.0	0.0	1.5
Oil & Gas	75.5	73.5	0.0	0.0	1.0
Oil & Gas	73.5	71.5	0.0	0.0	0.5
Oil & Gas	71.5	69.5	0.0	0.0	0.0
Oil & Gas	69.5	67.5	0.0	0.0	0.0
Oil & Gas	67.5	65.5	0.0	0.0	0.0
Oil & Gas	65.5	63.5	0.0	0.0	0.0
Oil & Gas	63.5	61.5	0.0	0.0	0.0
Oil & Gas	61.5	59.5	0.0	0.0	0.0
Oil & Gas	59.5	57.5	0.0	0.0	0.0
Oil & Gas	57.5	55.5	0.0	0.0	0.0
Oil & Gas	55.5	53.5	0.0	0.0	0.0
Oil & Gas	53.5	51.5	0.0	0.0	0.0
Oil & Gas	51.5	49.5	0.0	0.0	0.0
Oil & Gas	49.5	47.5	0.0	0.0	0.0
Oil & Gas	47.5	45.5	0.0	0.0	0.0
Oil & Gas	45.5	43.5	0.0	0.0	0.0
Oil & Gas	43.5	41.5	0.0	0.0	0.0
Oil & Gas	41.5	39.5	0.0	0.0	0.0
Oil & Gas	39.5	37.5	0.0	0.0	0.0
Oil & Gas	37.5	35.5	0.0	0.0	0.0
Oil & Gas	35.5	33.5	0.0	0.0	0.0
Oil & Gas	33.5	31.5	0.0	0.0	0.0
Oil & Gas	31.5	29.5	0.0	0.0	0.0
Oil & Gas	29.5	27.5	0.0	0.0	0.0
Oil & Gas	27.5	25.5	0.0	0.0	0.0
Oil & Gas	25.5	23.5	0.0	0.0	0.0
Oil & Gas	23.5	21.5	0.0	0.0	0.0
Oil & Gas	21.5	19.5	0.0	0.0	0.0
Oil & Gas	19.5	17.5	0.0	0.0	0.0
Oil & Gas	17.5	15.5	0.0	0.0	0.0
Oil & Gas	15.5	13.5	0.0	0.0	0.0
Oil & Gas	13.5	11.5	0.0	0.0	0.0
Oil & Gas	11.5	9.5	0.0	0.0	0.0
Oil & Gas	9.5	7.5	0.0	0.0	0.0
Oil & Gas	7.5	5.5	0.0	0.0	0.0
Oil & Gas	5.5	3.5	0.0	0.0	0.0
Oil & Gas	3.5	1.5	0.0	0.0	0.0
Oil & Gas	1.5	0.0	0.0	0.0	0.0

PACKAGING, PAPER & PRINTING - Cont.

Company	Price	1991/92	Div	Yield	PE
Packaging, Paper & Printing	115.5	113.5	1.1	1.1	11.0
Packaging, Paper & Printing	113.5	111.5	1.0	1.0	10.5
Packaging, Paper & Printing	111.5	109.5	0.9	0.9	10.0
Packaging, Paper & Printing	109.5	107.5	0.8	0.8	9.5
Packaging, Paper & Printing	107.5	105.5	0.7	0.7	9.0
Packaging, Paper & Printing	105.5	103.5	0.6	0.6	8.5
Packaging, Paper & Printing	103.5	101.5	0.5	0.5	8.0
Packaging, Paper & Printing	101.5	99.5	0.4	0.4	7.5
Packaging, Paper & Printing	99.5	97.5	0.3	0.3	7.0
Packaging, Paper & Printing	97.5	95.5	0.2	0.2	6.5
Packaging, Paper & Printing	95.5	93.5	0.1	0.1	6.0
Packaging, Paper & Printing	93.5	91.5	0.0	0.0	5.5
Packaging, Paper & Printing	91.5	89.5	0.0	0.0	5.0
Packaging, Paper & Printing	89.5	87.5	0.0	0.0	4.5
Packaging, Paper & Printing	87.5	85.5	0.0	0.0	4.0
Packaging, Paper & Printing	85.5	83.5	0.0	0.0	3.5
Packaging, Paper & Printing	83.5	81.5	0.0	0.0	3.0
Packaging, Paper & Printing	81.5	79.5	0.0	0.0	2.5
Packaging, Paper & Printing	79.5	77.5	0.0	0.0	2.0
Packaging, Paper & Printing	77.5	75.5	0.0	0.0	1.5
Packaging, Paper & Printing	75.5	73.5	0.0	0.0	1.0
Packaging, Paper & Printing	73.5	71.5	0.0	0.0	0.5
Packaging, Paper & Printing	71.5	69.5	0.0	0.0	0.0
Packaging, Paper & Printing	69.5	67.5	0.0	0.0	0.0
Packaging, Paper & Printing	67.5	65.5	0.0	0.0	0.0
Packaging, Paper & Printing	65.5	63.5	0.0	0.0	0.0
Packaging, Paper & Printing	63.5	61.5	0.0	0.0	0.0
Packaging, Paper & Printing	61.5	59.5	0.0	0.0	0.0
Packaging, Paper & Printing	59.5	57.5	0.0	0.0	0.0</











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## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Heavy selling halts dollar rise

TEMPTATION proved too much for some investors who decided to take profits once the dollar hit DM1.68 after another day of climbing, writes Neil Buckley.

The morning had seen the US currency take a rest after its surge in the previous three days, but in the afternoon it powered through resistance at DM1.6740 and DM1.6780 until its arrival at DM1.6800 triggered heavy selling by investors anxious to guarantee profits before today's US payroll figures. These will be the focus of attention, with dealers looking for further evidence of US economic recovery, although nervousness persists that the figures may disappoint.

The dollar retreated at the close to DM1.6735/30, little changed on the day. Against the yen, it fell back from a Y132.43 high to Y132.10/20, but was still above its Y132.05/15 start. In New York last night it fell back slightly to DM1.6707 and Y131.80/90 at mid-session.

"There were no economic fundamentals yesterday so the market had nothing to focus on, but there was still a lot of short-term speculative buying," said an economist with a UK bank. "We're seeing whippy trading in the course of a longer-term bull run."

## IN NEW YORK

	Mar 5	Latest	Previous Close
Cash	1.7100-1.7170	1.7100-1.7250	
1 month	0.92-0.93	0.92-0.93	
3 months	0.92-0.93	0.92-0.93	
6 months	0.92-0.93	0.92-0.93	
12 months	0.92-0.93	0.92-0.93	

Forward premiums and discounts apply to the US dollar.

STERLING INDEX		
	Mar 5	Previous Close
3.30	92.2	92.3
1.00	92.2	92.3
1.00	92.2	92.3
1.00	92.2	92.3
1.00	92.2	92.3
1.00	92.2	92.3
1.00	92.2	92.3
1.00	92.2	92.3
1.00	92.2	92.3
1.00	92.2	92.3

## CURRENCY MOVEMENTS

Mar 5	Bank of England	Mar 5	Mar 4
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735

## CURRENCY RATES

Mar 5	Bank of England	Mar 5	Mar 4
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735

## OTHER CURRENCIES

Mar 5	Bank of England	Mar 5	Mar 4
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735
US Dollar	1.6735	1.6735	1.6735

## MONEY MARKETS

## Jitters fuel trading

AN ATTACK of political jitters injected life into the UK money market yesterday, with rates firmed across the spectrum.

A leaked NOP opinion poll showing the opposition Labour party with a five-point lead in 50 marginal seats kindled fears that the Conservative government could be toppled in the general election, expected on April 9. A fall in sterling against the D-mark increased the nervousness, arousing fears that Mr Norman Lamont, the chancellor, may no longer have room to cut interest rates without bringing sterling under pressure.

A survey of traders on Wednesday had found eight UK clearing bank base lending rates at 18.5 per cent from September 4, 1991.

out of ten still expecting a near-term cut, with 44 per cent of those believing it would come between Budget day on March 10 and a likely election announcement on March 16.

Yesterday, however, that optimism seemed to be crumbling, as operators took back their money in all periods.

The key three-month interbank rate, often a pointer towards future base rates, moved up to 10.10-10.15 per cent.

In Tokyo, the dollar had continued upwards, supported by active technical demand after it broke through key resistance at DM1.67 and Y132. It closed at DM1.6735 and Y132.00.

Japanese investors were said to be buying large amounts of dollars which they sold last month, and while some fears about Bank of Japan intervention remained, dealers believed this would be ineffective.

The D-mark's four-month low against the dollar did not stop it from continuing its long climb against the Swiss franc, reaching Sfr0.9122/24, up from Sfr0.9097/99 on Wednesday. The Swiss currency was the centre of attention in Europe as rumours abounded that the Swiss National Bank was holding an emergency meeting. No intervention took place, however.

The SNB also refused to comment on speculation that it was about to create a new EMS EUROPEAN CURRENCY UNIT RATES

Country	Unit	Rate	% Change
Germany	DM	1.6735	0.00
France	FF	166.63	0.00
Italy	Lira	2036.26	0.00
Spain	Peseta	166.63	0.00
Portugal	Escudo	200.48	0.00
Greece	Drachma	340.75	0.00
UK	Pound	1.6735	0.00
US	Dollar	1.6735	0.00
Japan	Yen	132.00	0.00
Switzerland	Sfr	0.9122	0.00
Netherlands	Guilder	1.6735	0.00
Belgium	Franc	1.6735	0.00
Austria	Schilling	1.6735	0.00
Sweden	Krona	1.6735	0.00
Denmark	Krone	1.6735	0.00
Finland	Markka	1.6735	0.00
Ireland	Punt	1.6735	0.00
Portugal	Escudo	200.48	0.00
Greece	Drachma	340.75	0.00
Spain	Peseta	166.63	0.00
Italy	Lira	2036.26	0.00
France	FF	166.63	0.00
Germany	DM	1.6735	0.00
UK	Pound	1.6735	0.00
US	Dollar	1.6735	0.00
Japan	Yen	132.00	0.00
Switzerland	Sfr	0.9122	0.00
Netherlands	Guilder	1.6735	0.00
Belgium	Franc	1.6735	0.00
Austria	Schilling	1.6735	0.00
Sweden	Krona	1.6735	0.00
Denmark	Krone	1.6735	0.00
Finland	Markka	1.6735	0.00
Ireland	Punt	1.6735	0.00

## POUND SPOT - FORWARD AGAINST THE POUND

Mar 5	Day's	Close	One month	Three months	Six months	One year
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735

## DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Mar 5	Day's	Close	One month	Three months	Six months	One year
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735

## EURO-CURRENCY INTEREST RATES

Mar 5	Short	7 days	One month	Three months	Six months	One year
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735

## EXCHANGE CROSS RATES

Mar 5	US	DM	FF	Sfr	Yen	£	¥	DM	FF	Sfr	Yen	£	¥
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735

## FT LONDON INTERBANK FIXING

Mar 5	11.00 a.m.	1.00 p.m.	3.00 p.m.	4.00 p.m.	5.00 p.m.	6.00 p.m.	7.00 p.m.	8.00 p.m.	9.00 p.m.	10.00 p.m.	11.00 p.m.
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735
US	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735	1.6735

## FINANCIAL FUTURES AND OPTIONS

## LIVE LONG GILT FUTURES OPTIONS

Strike	Call	Put	Settlement
94	0.00	0.00	0.00
95	0.00	0.00	0.00
96	0.00	0.00	0.00
97	0.00	0.00	0.00
98	0.00	0.00	0.00
99	0.00	0.00	0.00
100	0.00	0.00	0.00

## LIVE EURO CURRENCY FUTURES

Strike	Call	Put	Settlement
94	0.00	0.00	0.00
95	0.00	0.00	0.00
96	0.00	0.00	0.00
97	0.00	0.00	0.00
98	0.00	0.00	0.00
99	0.00	0.00	0.00
100	0.00	0.00	0.00

## LIVE EURO CURRENCY FUTURES

Strike	Call	Put	Settlement
94	0.00	0.00	0.00
95	0.00	0.00	0.00
96	0.00	0.00	0.00
97	0.00	0.00	0.00
98	0.00	0.00	0.00
99	0.00	0.00	0.00
100	0.00	0.00	0.00



## WORLD STOCK MARKETS

[illegible][illegible]



## NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3:00 pm prices March 5

[illegible]

Continued on next page



**NASDAQ NATIONAL MARKET**

3:00 pm prices March 1

[illegible]

## 3:00 pm prices March 5

[illegible]

## BRUSSELS

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

\* Data Source: BMRB Bushfireman survey, 1990.

## FI SURVEYS

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## AMERICA

## Equities trade cautiously ahead of employment data

## Wall Street

US SHARE prices fell across the board yesterday morning as investors traded cautiously ahead of today's February employment report, writes Patrick Harrington in New York.

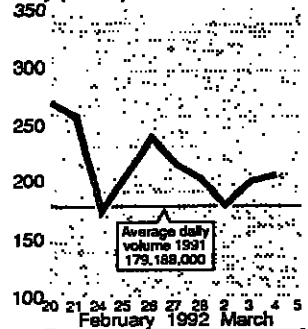
By 1pm the Dow Jones Industrial Average was down 10.73 at 3,257.53, having spent the morning in negative territory. The more broadly based Standard & Poor's 500 was also lower at mid-session, down 1.23 at 408.10, while the Nasdaq composite of over-the-counter stocks dropped 5.67 to 624.62. Turnover on the NYSE was light at 115m shares, and declines outpaced rises by a ratio of almost two to one.

The day's only economic news - a 21,000 fall in weekly jobless claims - provided little comfort, primarily because attention remained fixed on the employment figures for February, which will be released early this morning. These could decide whether the Federal Reserve will cut interest rates once more to get the economy moving.

Among individual stocks, retailers were in the spotlight

## NYSE volume

Daily (million)



following the release of February sales figures that showed increases across the board, although the data were distorted by the extra leap-year day. Wal-Mart jumped 1 1/2% to \$53.41 after reporting a 20 per cent gain in sales. JC Penney rose 1 1/2% to \$33.14 (sales up 10.5 per cent) and Woolworth fell 1/2% to \$29 (sales rose 3.1 per cent).

After a delayed opening due to an imbalance of sell orders, Gap fell 2 1/2% to \$45.11 in turnover of 2m shares after the clothing retailer reported

fourth quarter profits of 59 cents-a-share, and full-year profits of \$1.62-a-share. Although the results were no worse than expected, the latest sales figures for February were below some analysts' forecasts.

Baltimore Bancorp plunged about 1 1/2% after the company restated its 1991 fourth quarter loss to \$7.42-a-share because of an increase in loan loss provisions. On the over-the-counter market, Stuart Hall closed \$3 to \$12 1/2% after the stationery and school supplies company said it was in tentative negotiations with Newell (down 1 1/2% to \$45.41) regarding a possible takeover by the consumer and industrial products group.

## Canada

TORONTO stocks partly recovered from morning lows in cautious midday trading. Rumours in the New York, London and Toronto that the real estate giant Olympia & York was in financial difficulty weighed on real estate and bank shares.

The TSE 300 eased 12.4 to 3,575.2, above a low of 3,569.23. Declines led advances by 297 to 165, in volume of 16.2m shares.

## Government puts brakes on Taiwan's rally

But the stock market speculators might not stay away for long, says Luisetta Mudie

GOVERNMENT action to prevent what it saw as a return to the destructive speculative fever of two years ago appears to have nipped Taiwan's New Year stock market rally in the bud.

Analysts say, however, that the country's bright economic outlook and relative political stability suggest the speculative money might not stay away for long.

The stock market's 17.2 per cent rise in January was mainly liquidity-driven, as is traditional in the weeks before the Chinese New Year, with year-end bonuses and settling of accounts boosting the amount of money in circulation.

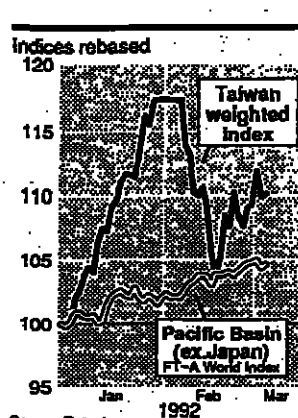
The victory of the Nationalist Kuomintang government in December's National Assembly elections also boosted confidence, as fears about political stability, generated by opposition calls for independence, were temporarily abated.

Most of the island's top 40 industrial stocks rose in line

with the market in January, with President Enterprises showing a 20 per cent increase and Uniglor Marine a rise of 41.3 per cent in that month. A notable exception was Microelectronics, normally a favourite with foreign investors, which has seen a big fall-off in earnings since this time last year. Its shares rose by a mere 1.9 per cent during January's rally and have since fallen by around 10 per cent.

But when trading resumed on February 8, after the week-long Chinese New Year holiday, the stock market tumbled by 2.9 per cent as domestic investors, of whom around 85 per cent are individuals, deserted equities in droves. There were widespread fears that the central bank would tighten monetary policy after Prime Minister Hau Pei-tsun's expressed concern that the stock market was losing touch with reality.

With the painful memory of the 1990 crash still present, when the weighted index plunged by 80 per cent, the government's policy towards



the stock market has increasingly been to clamp down at the first sign of overheating.

The central bank's pledge to keep a tighter rein on the money supply after a 20 per cent rise in the M2 measure in January, has had a dampening effect on the stock market. The central bank has also issued more than T\$72bn (\$2.9bn) of bonds and bills since February 8 in an attempt to mop up excess liquidity, but, analysts

say, with only limited success to date.

However, it was the central bank's decision in mid-February to put a squeeze on the inflow of foreign funds into the island can return to normal.

The stock market has since recovered, the weighted index closing at 5,033.53 yesterday. Analysts say the prospects look good for a solid first half, but they do not expect the index to rally beyond 6,000. Government plans to issue up to T\$192.5bn of bonds between February and June are intended to keep up the drain on liquidity.

With such a high proportion of individual investors, however, Taiwan's stock market is likely to remain volatile and vulnerable to manipulators, who ramp share prices up and down, followed en masse by individuals who aim to take profits in their wake.

Mr Steve Champion, of International Investment Trust, says that for the manipulators to be less effective, more foreign and institutional investment will be needed. As another analyst said: "It's still a rocky road to maturity."

## ASIA PACIFIC

## Falls in technology stocks pull Nikkei lower

## Tokyo

SHARP falls in leading high-technology issues pulled the Nikkei average down, although volume rose on continued activity in bio-technology related issues, writes Emiko Terazono in Tokyo.

The 225-share average closed down 241.00 at 20,894.42, the lowest since March 1989, with 21,000 lots for the first time in eight trading days. The day's high was 21,112.44.

Volume rose to 300m shares from 230m, hitting the 300m mark for the first time since January 31. Traders attributed the increase in activity to large lot index-linked trading by foreign investors and buying by individuals.

Declines led advances by 699 to 255 with 150 unchanged. The Topix index of all first section stocks fell 13.49, and in London, the ISE/Nikkei 50 index eased 1.14 to 1160.30.

Individual investors supported the decline and closed sectors, which were the only gainers of the day. In the afternoon session, some investors took profits on stocks which had gained sharply during the past few trading days. Mochida Pharmaceutical fell Y20 to Y4,160 and Daiichi Pharmaceutical by Y90 to Y1,570.

However, active trading spread to other bio-technology related issues, and renewed interest in Aids-related shares lifted Meiji Milk Products up Y92 to Y1,020 and Morinaga Milk by Y22 to Y721. Investors who are trading on the drug theme are not the middle to long-term holders, but they are acting as catalysts for the market," said Mr Takatoshi Okuyama at Daiwa Securities.

Some investors and dealers are now hoping that popularity in drug issues will shift to "environmental protection stocks". Daiichi Chemical Industries, the organic chemical maker, rose Y14 to Y940 on hopes that its bio-degradable plastic will contribute to a rise

in profits. Mitsubishi Kakoki Kaisha, a manufacturer of water treatment equipment, was the most active issue of the day, adding Y60 to Y960.

Concerns over earnings for the current year depressed NEC, which lost Y35 to Y985, falling below Y1,000 for the first time since October 1985 and Mitsubishi Electric, down Y13 to Y498, suffering the first dip below Y500 since March 1987. Brokerage houses also declined on worries over current year profits. Nomura Securities fell Y60 to Y1,340 and Daiwa Securities lost Y15 to Y860.

Minolta Camera fell Y24 to a 14-month low of Y421. The company agreed to pay Home-View Y16.6bn over a patent dispute. Investors were discouraged as the final settlement amount was larger than previously expected.

In Osaka, the OSE average fell 120.41 to 22,170.75 in volume of 141m shares. Crown, an audio equipment manufacturer, fell Y200 to Y1,010.

Osaka Securities Finance, the securities financing company with close ties with financial regulators, and sole lender of stock for margin trading in Osaka, said that it would not finance or lend stocks for trading in Crown shares, due to their erratic price movements.

## Roundup

HONG KONG, which closed at its second consecutive record high, stood out in a featureless Pacific Rim.

HONG KONG finished off its intra-day high: the Hang Seng index closed 9.79 higher at 4,964.29 in turnover of HK\$2.54bn against HK\$2.37bn. Investors were encouraged in early trade by the details of Wednesday's budget, although profit-taking later pushed the index lower.

Hutchinson Whampoa closed down 50 cents at HK\$15.40 on worries of a possible rights issue, while parent group Cheung Kong finished down 20 cents at HK\$21.40.

SINGAPORE closed weaker as sentiment remained nervous on fears of worse than expected company results due to be published later this month. The Straits Times Industrial index ended down 3.08 at 1,456.84 in volume of 34.34m shares against 44.10m.

Sembawang Shipyard fell 5 cents to S\$7.45 in spite of announcing a 50 per cent increase in 1991 net profit.

SEOUL shed most of Wednesday's gains after the government denied that it planned measures to boost the financial services sector. The composite index lost 11.24 to 619.23 in turnover of Wn\$343.3bn.

MANILA's decline continued with worries of violence ahead of May's presidential elections. The composite index fell 2.37 to 1,157.51 in turnover of 158.3m pesos against 74.3m pesos.

KUALA LUMPUR continued to consolidate and the composite index fell 4.71 to 593.93 in volume of 29.2m against 35.5m. Analysts said that investors were now concentrating on the

public issue of the power utility, Tenaga Nasional.

THAI was led higher by strong gains in the finance sector. The SET index closed up 7.89 at 800.85, in turnover of Bt\$5.65bn.

BOMBAY remained closed for the second consecutive day amid rumours that some brokers were facing problems in honouring payments. On Tuesday, the BSE index extended a three-day rally rising 139.53 or 4.19 per cent, to a record high of 3,472.78.

AUSTRALIA closed lower for the third consecutive day. The All Ordinaries index ended down 6.9 at 1,608.3 in turnover of A\$187.8m.

CRA, which reported a 26 per cent fall in net profits on Wednesday, fell 18 cents to A\$13.92.

NEW ZEALAND closed with the NZSE-40 index 3.53 lower at 1,465.18 in turnover of NZ\$15m. Brierley Investments, which reported a 48 per cent decline in half-year profits, shed 1 cent to 98 cents.

## Politics sway Venezuela and Mexico

THE CARACAS stock market recovered partially yesterday from Wednesday's 5 per cent drop as President Carlos Andres Perez promised political reform and suspended price increases on gasoline, electricity, food and medicine, writes Joseph Mann.

Before the Carnival holiday, equities had been recovering, in local currency terms, from a failed coup in February. However, the decline in the bolivar against the dollar accelerated

after the failed military rebellion. The currency dropped 4 per cent on Wednesday but showed some strength yesterday.

Meanwhile, the Mexican stock market is showing the first sign of jitters this year, writes Damian Fraser. The market opened 0.4 per cent lower yesterday after a 3.5 per cent fall on Wednesday on news that the government planned to sell a further 5 per cent in Telmex, the country's

telephone monopoly. News of the offering, which could fetch about \$1.5bn, is scheduled for May or June.

Mexican equities fell in spite of a drop in interest rates to a record low of 12.5 per cent, compared with inflation of 17.9 per cent. Interest rates have fallen thanks to growing credibility in Mexico's exchange rate policy. Since November the peso has fallen at an annualised rate of only 2.4 per cent against the dollar.

## EUROPE

## Paris hit by profit taking and drops in some second-liners

MOST BOURSES eased back yesterday, as a dull start on Wall Street gave little incentive to extend recent gains, writes Our Martin in Paris.

PARIS saw profit-taking in recent favourites such as Alcatel Alsthom and the CAC 40 index fell 15.05 to 1,973.04 in turnover of FF\$2.34bn.

The television company, Canal Plus, fell FF\$47 or 4.1 per cent to FF\$1,105 in 48,749 shares on government support for the introduction of high-definition television, which would not be compatible with Canal Plus's decoders.

The food retailer Carrefour lost FF\$77 or 2.9 per cent to FF\$2,603 following news late on Wednesday that its 1991 profit fell 11 per cent to FF\$1.1bn.

FRANKFURT enjoyed selective blue-chip buying which left Daimler and Volkswagen higher in carnivals, the former leading active stocks in turnover of DM1.4bn within a day's total of DM7.9bn, up from DM7.8bn on Thursday.

The FAZ index fell 0.61 to 714.36 in mid-session, but the DAX closed with a gain of 5.25 at 1,674.80. Volkswagen rose another DM7.40 to DM376, rising this time on additional shifts at its Audi subsidiary to deal with strong demand, especially for its new 80 model.

Meanwhile, the tyre maker Continental, which was the subject of a long courtship by its Italian counterpart, Pirelli, rose DM7.20 to DM247 following a press report from an Ital-

## FT-SE Eurotrack 100 - Mar 5

Hourly changes							
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1170.09	1169.95	1170.75	1169.52	1171.87	1170.99	1170.06	1169.58
Day's High			1172.25	Day's Low			1169.27
Mar 4	Mar 3	Mar 2	Feb 28	Feb 27			
1176.33	1176.44	1169.17	1169.95	1167.26			

Base value 1000 (25/10/90)

ian businessman, Mr Salvatore Ligresti, had bought a 5 per cent Conti stake.

MILAN remained weak, and dealers expect prices to be further depressed today following news late yesterday that a modified car insurance reform had failed to go through parliament. The Comit index fell 5.26 to 520.44 in turnover estimated at L\$7.5bn after L\$8.1bn.

Domestic selling pushed Fiat savings shares down by L140 or 3.8 per cent to L3,590 on fears of a dividend cut. Fiat's ordinary shares fell L63 or 1.3 per cent to L4,870. The cement sector was also under pressure, with Cementir losing 6.5 per cent to L155 to L2,220.

ZURICH fell on the interest rate worries which depressed its banks and insurers on Wednesday. In a moderately active session, the SPI index shed 5.7 to 1,146.3.

In banks, UBS bearers fell SF\$90 to SF\$2,780 and CS Holding lost SF\$30 to SF\$2,030. Credit Suisse, the latter's major asset, releases its 1991 results this morning.

AMSTERDAM remained

unmoved by a batch of better-than-expected company results and the CBS Tendency Index closed unchanged at 128.1 in turnover of F1615.3m.

Heineken fell F13.30 or 1.94 per cent, to F168.60 as investors took profits ahead of the 1991 results which came out after the market had closed.

BRUSSELS closed lower in moderate trade. The Bel-20 finished down 10.68 at 1,257.51 in turnover of BF\$700m. Groupe AG, the insurer, and Generale Bank, fell as officials of both companies said that a possible merger remained some way off.

The insurer declined BF\$35 or 1.2 per cent to BF\$2,150 while the bank shed BF\$170 or 2.5 per cent to BF\$6,550.

STOCKHOLM's forestry sector, higher on the rising US dollar and pulp price hopes, helped the Affarsvarlden General index to a further gain of 6.60 to 880.60.

The metals and industrial group, Trelleborg, which reported a 78 per cent drop in 1991 profits after hours, saw its B shares down SKr7 to SKr119 in anticipation of the event.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY MARCH 4 1992										TUESDAY MARCH 3 1992										DOLLAR INDEX			
	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	1991/92			Year ago (approx)					
																1991/92 High	1991/92 Low	Low						
Australia (69)	144.61	-0.4	124.38	120.84	125.71	127.97	-0.4	4.32	145.21	123.73	120.08	124.56	124.56	160.31	112.74	130.48								
Austria (20)	178.39	+0.0	150.48	148.08	150.07	154.23	+0.3	1.87	178.34	151.98	147.45	153.50	154.46	222.37	150.86	219.31	151.98	147.45	153.50	154.46				
Belgium (46)	142.11	+0.1	122.26	118.75	123.53	119.68	+0.3	4.93	141.93	120.03	117.34	122.15	119.35	161.20	118.04	160.39	141.93	120.03	117.34	122.15				
Canada (115)	134.89	+0.0	118.04	112.72	117.25	118.43	+0.1	3.18	134.89	114.94	111.53	118.08	118.29	144.28	126.49	140.80	134.89	114.94	111.53	118.08				
Denmark (36)	240.88	-0.3	207.19	201.26	209.57	211.67	+0.5	1.89	241.53	205.90	199.70	207.68	210.82	273.94	217.74	266.29	240.88	207.19	201.26	209.57				
Finland (15)	82.07	-1.0	70.60	68.59	71.35	78.00	-0.8	2.17	82.94	70.87	68.58	71.38	78.00	125.15	73.12	116.27	82.07	70.60	68.59	71.35				
France (108)	153.83	-0.6	132.33	128.54	133.71	137.06	+0.3	3.24	154.82	131.82	128.00	133.24	136.61	193.43	119.11	182.28	153.83	132.33	128.54	133.71				
Germany (65)	119.17	-1.1	102.51	99.80	103.59	105.59	-0.1	2.22	120.47	102.55	99.82	103.59	105.59	143.13	122.04	140.04	119.17	102.51	99.80	103.59				
Hong Kong (55)	205.55	+1.1	175.82	171.77	178.69	204.80	+1.1	3.75	203.37	173.58	168.14	175.05	202.46	205.55	168.14	148.18	205.55	173.58	168.14	175.05				
Ireland (18)	161.07	-0.2	138.56	134.60	140.02	142.03	+0.7	3.60	161.33	137.48	133.39	138.85	141.02	182.48	132.78	173.74	161.07	134.60	140.02	142.03				
Italy (77)	73.24	-1.5	65.01	61.20	63.87	68.83	-0.5	3.38	74.35	63.95	61.47	63.89	68.90	88.23	84.76	86.03	73.24	65.01	61.20	63.87				
Japan (473)	114.42	-1.4	98.43	95.61	99.47	95.61	-0.3	0.89	116.02	96.85	95.92	99.47	95.92	144.01	112.74	140.01	114.42	98.43	95.61	99.47				
Malaysia (88)	243.08	+0.3	206.10	203.12	211.30	240.83	+0.1	2.76	242.42	206.58	200.43	206.54	240.55				243.08	206.10	203.12	211.30				
Mexico (18)	178.97	-1.4	153.99	145.63	155.59	168.73	+0.3	0.93	178.50	150.90	145.99	152.17	160.88	179.77	153.41	161.61	178.97	153.99	145.63	155.59				
Netherlands (31)	149.93	-0.7	128.97	125.29	130.33	128.68	+0.2	4.28	151.01	126.87	124.86	129.98	128.37	156.48	125.70	145.75	149.93	128.97	125.29	130.33				
New Zealand (14)	45.54	-1.7	39.17	38.06	39.99	44.31	-0.1	6.20	45.32	39.37	38.30	39.87	44.82	54.84	41.18	47.67	45.54	39.17	38.06	39.99				
Norway (24)	146.92	-0.4	124.96	120.42	125.99	128.07	-0.4	3.89	146.92	123.58	120.04	124.56	124.56	160.31	112.74	130.48	146.92	124.96	120.42	125.99				
South Africa (52)	209.99	+0.8	180.64	175.48	182.33	195.47	+0.9	2.12	208.40	177.57	172.31	179.36	180.97	229.43	151.83	204.15	209.99	180.64	175.48	182.33				
Singapore (81)	216.86	-0.6	186.83	181.30	188.39	176.83	-1.0	2.83	216.38	186.06	180.54	187.94	178.43	271.99	170.03	205.18	216.86	186.83	181.30	188.39				
Spain (52)	155.85	-1.2	134.02	130.20	134.23	124.17	-0.1	4.80	157.17	134.74	130.45	135.79	124.30	171.12	131.51	168.23	155.85	134.02	130.20	134.23				
Sweden (25)	181.15	+0.4	165.83	161.38	167.40	162.18	+1.2	2.77	180.44	165.75	160.19	165.31	160.27	202.12	145.68	202.33	181.15	165.83	161.38	167.40				
Switzerland (150)	98.59	-1.1	84.81	82.38	85.71	83.12	-0.2	1.24	98.67	84.93	82.41	85.80	83.00	104.22	82.17	104.22	98.59	84.81	82.38	85.71				
United Kingdom (233)	175.99	-1.2	131.38	127.45	132.97	151.39	-0.2	4.82	176.66	151.72	147.21	153.24	151.72	177.46	156.27	177.46	175.99	131.38	127.45	132.97				
USA (523)	167.25	-0.8	143.87	138.77	145.39	167.25	-0.8	2.92	168.62	143.87	139.42	145.13	162.02	181.05	125.93	152.31	167.25	143.87	138.77	145.39				
Australia (809)	144.39	-1.0	124.16	120.56	125.52	125.80	-0.0	3.86	145.82	124.25	120.67	125.61	125.84	151.52	125.50	151.59	144.39	124.16	120.56	125.52				
Noradic (100)	174.35	+0.0	149.98	145.70	151.98	149.29	+0.8	2.14	174.37	148.57	144.17	150.08	148.17	200.81	155.55	198.98	174.35	149.98	145.70	151.98				
Pacific Basin (177)	118.27	-1.20	81.82	89.22	102.90	109.65	-0.2	1.26	118.08	87.08	83.98	90.31	99.90	145.92	117.66	144.01	118.27	81.82	89.22	102.90				
Pacific Europe (158)	118.27	-1.20	81.82	89.22	102.90	109.65	-0.2	1.26	118.08	87.08	83.98	90.31	99.90	145.92	117.66	144.01	118.27	81.82	89.22	102.90				
Pacific America (638)	165.19	-0.8	142.10	138.05	143.82	183.79	-0.8	2.94	165.48	141.85	137.86	143.31	165.06	199.69	125.91	151.51	165.19	142.10	138.05	143.82				
Pacific Ex. UK (576)	126.98	-0.9	107.49	104.44	108.65	110.45	-0.1	3.12	126.03	107.39	104.22	108.50	110.34	128.80	103.58	103.58	126.98	107.49	104.44	108.65				
Pacific Ex. Japan (244)	157.36	+0.3	136.38	131.54	136.62	140.85	+0.3	3.81	156.96	133.74	129.80	135.11	140.45	158.10	111.40	134.26	157.36	136.38	131.54	136.62				
World Ex. US (1720)	151.28	-0.9	112.93	109.71	114.12	123.51	-0.1	3.13	152.83	113.01	108.57	113.10	114.10	148.18	112.74	140.01	151.28	112.93	109.71	114.12				
World Ex. Japan (100)	151.28	-0.9	112.93	109.71	114.12	123.51	-0.1	3.13	152.83	113.01	108.57	113.10	114.10	148.18	112.74	140.01	151.28	112.93	109.71	114.12				
World Ex. So. Af. (2182)	141.97	-0.9	121.12	118.65	123.42	123.51	-0.4	2.82	143.22	122.11	118.21	123.96	123.83	153.55	122.92	146.58	141.97	121.12	118.65	123.42				
World Ex. Japan (1770)	165.54	-0.8	136.38	131.54	136.62	140.85	-0.1	3.81	159.77	136.13	132.11	137.53	149.93	161.70	126.69	151.69	165.54	136.38	131.54	136.62				
World Ex. Japan (2243)	142.43	-0.9	122.52	119.02	123.81	123.74	-0.4	2.68	143.77	122.50	118.88	123.75	123.70	159.70	123.96	146.58	142.43	122.52	119.02	123.81				



## RECRUITMENT

Diane Summers considers the benefits of sabbatical leave to both companies and their employees

## When a change is as good as a rest

The idea of sabbatical leave once restricted to academic circles and a few media organisations looks set to catch on more widely in the UK. Managers of post offices, for example, recently won the right to take periods of extended leave. Mr Ernest Saunders, former Guinness chief, is said to refer to his spell in Ford Open Prison as his "sabbatical in Sussex".

A sabbatical does not necessarily mean having to engage in worthy self-improving activities directly related to the job: it may mean spending more time with family, fulfilling a long-held dream or simply rebuilding the patio.

John Lewis Partnership, which has operated "long leave" since 1979, cites the example of a man whose hobby had been to keep his constrictors in his drawing room. His sabbatical enabled him to do voluntary work in the reptile house at London Zoo.

A woman from the Peter Jones department store went trekking in the Himalayas which, she says, was "not too strenuous after having been on her feet all day for years."

Employee representatives concede that, with inflation falling and the recession squeezing, the scope for delivering impressive-looking pay rises is limited. More effort is being put into fringe benefits and measures to improve the quality of life.

Mr Terry Deegan, general secretary of the Communication Man-

agers' Association, a union which represents the 3,000 post office counter managers who recently won their sabbaticals, is frank about pay prospects for many groups.

"The point has been reached where, in pure pay bargaining terms, there is not much further to go," he says. "The particular attraction of the sabbatical is that, unlike many other perks, it is not taxed as a benefit in kind, Mr Deegan adds.

## Business is booming for consultant to organisations battling stress

One of the most powerful arguments in favour of an extended break from work from time to time is that, at the very least, it allows employees to recover fully from the stresses of the job. Longer periods off may also enable a manager to think innovatively and strategically, according to Professor Cary Cooper, professor of organisational psychology at the University of Manchester's Institute of Science and Technology.

"My business is booming," says Prof Cooper, who acts as a consultant to organisations battling against the effects of stress. Pressures on executives and managers are acute, according to Prof Cooper.

"So much is changing. They don't have time to refresh themselves or absorb new information. There's burn-out all over the place." Having to take a few months off work because of burn-out is a kind of enforced - and for the employer more disruptive - sabbatical, he points out.

In Australia and Prof Cooper's native US sabbaticals are more common although Americans do less well than their UK counterparts when it comes to annual holidays. According to New Ways to Work, a London-based charity which promotes more flexible patterns of working, more than 13 per cent of US companies offer their employees some form of paid sabbatical leave.

Some of these US companies have exported their conditions to Europe. McDonald's, the fast food chain, for example, offers sabbaticals of eight weeks after 10 years of service. This can be tagged on to the normal five weeks' annual holiday, giving a block of three months. The benefit

is available only to full-time staff but does apply to all ranks.

Unlike McDonald's, Prudential, the UK's biggest life insurer, restricts the breaks to managers. Three days are awarded for each year of service as a manager, with sabbaticals of 10-12 weeks the norm. This is in addition to the normal leave entitlement of six weeks a year, although very senior managers have no set holidays.

Details of sabbatical schemes do vary considerably. The post office counter managers' scheme consists entirely of banked leave which can be taken together with a period of unpaid leave. However, the union is hoping to build on this by negotiating further paid leave.

John Lewis's "long leave" is for up to six months fully paid for those working over 25 years' service.

Secondment, perhaps a voluntary organisation or overseas, is a variation on the theme. Prudential, for example, sometimes allows employees to work with charities or government departments.

Mr Gwyn Lloyd, who is in charge of the company's corporate identity, was one who was seconded. He is credited with having invented the 10-year passport - which largely

replaced the less economical five-year model - when he spent six months with the Foreign Office.

The charity Voluntary Service Overseas says ICI and IBM are examples of companies that sponsor individuals on foreign two-year placements. ICI currently has a manager who is teaching science in Tonga and IBM has allowed one of its employees to act as a training officer in the ministry of finance in Malawi.

British Coal has agreed to sponsor one of its employees who has actually left the company to go and work as a land surveyor in Zimbabwe.

Secondment need not necessarily be overseas: the charity Action Resource Centre matches secondees from industry, commerce and the public sector with community organisations in the UK, which would like to benefit from their skills.

Mr Andy Powell, the charity's chief executive, says organisations used to use secondment as a way of easing employees into retirement or to fill awkward gaps between jobs or when, for example, workers returned from postings abroad.

Now, however, secondment is

more likely to be used for career development - as a way of making managers "broader and more street-wise in a chaotic and increasingly complex world," says Mr Powell.

Marks and Spencer and Nationwide Anglia Building Society are two examples of organisations that use secondment in this way early on in potential managers' careers.

British Rail provides an example of mid-career secondment: Ms Jane

## Some employees won't take extended leave in case they are not missed

Crofts, who has been with BR for 10 years, was working in customer relations but wanted to develop skills as a trainer. She has spent six months each with two local training organisations helping to set up new courses and developing an accreditation system.

Secondment may even be used as part of an "exit package". IBM, for example, runs a programme which enables employees wanting a second career in the voluntary sector

to take a year's paid secondment.

The option of unpaid or part-paid leave may be used as a way of reducing staff numbers. British Airways told its 50,000 staff worldwide a year ago that they could apply for unpaid leave of between one week and three months.

It is this link between time off and slimming down - or, "decruitment" as Prof Cooper heard it called recently - that has led to another common phenomenon: the employee who is entitled to a sabbatical but refuses to take it.

The reason, in a word, is fear, says Prof Cooper. "The individual is worried they won't be missed or that someone else will step into their shoes," he says. Nor is this necessarily paranoid: fears may be fully justified in today's corporate jungle, he adds.

The academic's year off to think, research and travel may be more than most highly-competitive and autocratic organisations, or their insecure managers, can cope with but Prof Cooper pleads for a start to be made with shorter periods of leave of between one and three months.

"We need more people from industry in universities, so does government, and people need to go from government to the private sector," he says.

Failing that, there are many suburban patios in need of reconstruction. Michael Dixon is away.

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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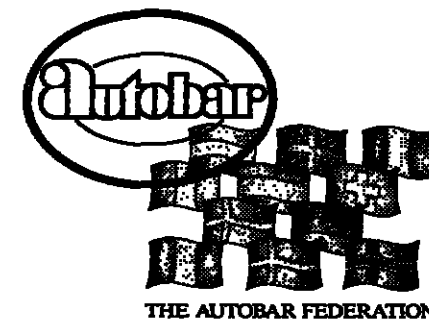
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## ACCOUNTANCY COLUMN

## Small company reports judged not so beautiful

By Andrew Jack

AT a well-attended meeting in the cavernous Old Library of the Guildhall one morning last week, a large crowd of City luminaries gathered in anticipation.

Among them were anxious company directors eager to hear who would receive the annual award for published accounts, sponsored by the Stock Exchange, and the institutes of chartered accountants in England, Wales, Scotland and Ireland.

Which company would take the place of BOC Group, the UK industrial gases and healthcare concern, the winner in the larger company category in 1991?

Which would inherit the separate title among smaller companies (with net assets not exceeding £50m) from Nestor-BNA, the healthcare and specialist personnel group?

Few except the judges and one of the winning companies - which had brought along large numbers of its annual report for distribution - knew of the decision.

It was the chairman of J Sainsbury, the retailer, who stepped forward to accept the first award.

The spotlight, however, quickly moved to the other award. A small note at the bottom of the official programme explained that it would not, in fact, be given out this year. Mr Richard Sykes, QC, the chairman of the judges, felt obliged to explain why in his speech.

Even the Stock Exchange, which is not normally known as an outspoken voice, took the rather unusual step of accentuating the negative. The first sentence of its own press release on the ceremony said: "the co-spon-

sors... decided to give only one award this year". This decision, it continued, was "unprecedented".

"I owe you an explanation of why we decided not to make an award in the small company section," Mr Sykes told his audience. "A winner is a report which I can hold up as an example to others. The fact is that there was no report in the small company category which achieved that desired and desirable standard, in the view of the panel."

"Undoubtedly there were some solid workmanlike reports," he said. "Undoubtedly there were some reports which in some areas achieved an excellent standard. But whenever we began to enthuse about some aspect of a particular report we were brought back to earth by a failure or inadequacy in some other aspect."

Three important elements give the judges' decision an importance that it might not otherwise have had. First, it is assessed by a reputable panel of senior individuals from business, accountancy and law. Second, it is probably the most comprehensive award of its type, covering every annual report sent to the Stock Exchange. Third, it assesses all aspects of the report, with a stress on the presentation of financial information. If any of the current awards for corporate reporting should be taken seriously, this is probably the one.

The criteria on which the panel's decisions are based are never published. They are inevitably partly determined by personal attitudes. Nevertheless, more significant than the whims and subjective assessments which helped the judges pick out

exemplary reports as potential winners is the objective fact that none of the smaller company reports was thought worthy of consideration for an award.

More than 2,000 reports - which are monitored as a matter of course by Stock Exchange staff - were whittled down to an initial list of 300 contenders, and then a short list of 150, which the 10 judges considered.

Among the companies the shortlist excluded were annual reports which

**'A winner is a report which I can hold up as an example to others. The fact is that there was no report in the small company category which achieved that desired and desirable standard...'**

failed to meet legal obligations, Stock Exchange requirements or accounting standards. A 1989 amendment to the 1985 companies act has frequently been overlooked, for example. Section 36A requires a statement in the accounts that they have been prepared in accordance with accepted accounting practice. The Financial Reporting Review Panel, the enforcement arm of the Financial Reporting Council, has written to more than 240 companies for failing to comply with this requirement.

It is believed that about another 300 of the reports scrutinised by the Stock Exchange fell down on other information they are legally obliged to give. This included failure to split details of

their turnover and profits by geographical region, to provide information about non-executive directors, or to indicate in which countries they operated.

Equally depressing is that few of the remaining companies went much beyond the statutory minimum in an attempt to provide readers of accounts with enough information to make the figures meaningful. Mr Sykes said his criteria for selecting the winner included whether on first impression the report makes the reader want to read any further.

Whether it provides an understanding of the company and its operations and whether its separate activities are adequately explained.

In addition, he asked his fellow judges to consider if the accounts adequately explain the numbers, whether the statistics contained are honest, helpful and consistent, and whether any additional information to help the reader understand the accounts has been provided.

He stressed that these factors need not be neglected during the recession, when companies are less likely to spend large sums on hiring design consultants to help produce their reports. In fact, he criticised some reports as clearly over-designed.

What the recession may have done is to have discouraged many companies from being as candid in explaining and illustrating their results as they were when their performance looked far more healthy during the 1980s.

On the criteria given, Mr Nigel Macdonald, a partner with Ernst & Young who was one of the judges, certainly argues that there was an undeniable

decline in quality among last year's accounts compared with previous periods. It is a development he finds depressing.

"If we believe in the market economy," he says, "then the performance of companies is absolutely essential to the proper allocation of resources. Accounts have their place in that grand scheme of things. Ordinary shareholders are entitled to a decent briefing."

He says that aspects of the accounts that appeared particularly weak included a neglect of ratios such as gearing and return on capital employed; little explanation of the constituent parts of the business and its future strategy; and an excessive amount of small print which made the reports difficult to read.

Above all, he would like to see something more akin to the management discussion and analysis which is required in US accounts, and which gives far more detail than its British counterparts on the management of the company and a commentary on the figures in the accounts.

Those involved in the preparation of accounts might do well to take these comments seriously. They go beyond the opinions of a few judges on a particular award. They may well soon be enshrined in future codes of practice.

As remarks written by Sir Adrian Cadbury for speech at last week's ceremony warned, "the overall standard of financial reporting in Britain has to be raised". When his task force on the financial aspects of corporate governance reports later this year, these thoughts may well be translated into guidelines of change.

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Bass has a central financial planning function to support the individual business units and the Group Executive. Individuals are to be recruited at both manager and executive levels, to strengthen the central resource function for the assessment of strategic and financial plans, in addition to project work such as the evaluation of acquisitions and major capital projects. It is envisaged that this team will become involved in specific business issues outside of the financial arena and be seen as a catalyst for change throughout the organisation.

At the managerial level, applicants are likely to be performing a similar role within a major corporate head office, or alternatively as a subsidiary Finance Director within a financially well run group. The successful candidate is likely to be aged between 30 and 40 and possess either an accountancy qualification or an MBA from a respected business school.

The executive role is likely to attract applicants from financial backgrounds (ACA or CIMA) and major consulting firms. Experience in planning, project appraisal and cash flow projections is desirable. Strong microcomputer modelling skills are essential.

Applicants should possess excellent academic qualifications and be capable of demonstrating rapid career progression to date. The successful candidates will be results orientated, possess high levels of intellect and initiative, be confident of liaising at the most senior management levels, and enjoy the personal challenge of a non-routine, wide-ranging role. Benefits include an attractive remuneration package, company car, and the opportunity to develop an outstanding career in finance or general management.

For further information in strict confidence contact Brian Hamill or David Craig on 071-287 6285 (evenings and weekends 071-627 4974 or 081-673 2366). Alternatively, forward a brief resume to Walker Hamill quoting reference BH 796. Any applications submitted directly to Bass by third parties will be forwarded to Walker Hamill.

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Our advice and instruction is provided one-to-one on an hourly basis and, is tailored to those areas that you need help in. A few hours well spent could save several months of disappointment. Call us at CFA on 071-593 1519 to ascertain if a free initial exploratory meeting (without further obligation) is appropriate.

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## International Financial Controller

Accomplished Finance Professional with strong technical accounting skills sought for the rapidly growing international division of this major plc. Considerable scope to co-ordinate and control the finances of an expanding number of overseas companies and play a key role in establishing disciplines and procedures.

**THE ROLE**

- Reporting to the International Division Finance Director responsible for the development and implementation of financial controls and systems in the UK and overseas.
- Ensure timely consolidation and reporting throughout the division and monitor budgets, forecasts, variances and long-range plans.
- Future involvement in project finance and other new business opportunities.

**THE QUALIFICATIONS**

- Qualified, probably aged mid to late 30's, with both management and financial accounting skills. Experience of consolidating and controlling overseas subsidiaries.
- Successful track record in a substantial international organisation involved in worldwide tendering, joint ventures and project management.
- Energetic, resilient and incisive. Self-sufficient with an ability to cope with a varied and challenging workload. Clear potential and ambition for rapid career progression.

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Please reply, enclosing full details to:  
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Bridge House, Ashley Road, Hale,  
Altrincham, Cheshire WA14 2UT.  
061-941 3818

## REGIONAL CONTROLLER

MAJOR INTERNATIONAL SERVICES GROUP  
Caterham, Surrey

Our Client is a £20 million turnover division of one of the UK's most prestigious plc's. Through a network of regional offices they offer a highly regarded range of services and have expanded rapidly both organically and by acquisition. They are currently further developing their product in mainland Europe.

As the result of an internal promotion, they seek to appoint a new Controller for their Southern Region which spreads from East Angles to the South Coast. This role reports directly to the Regional Managing Director and will be responsible for the planning, analysis and financial management of the region's business. As such, it requires sound commercial judgement and the ability to deal confidently with non-financial managers on business issues.

The successful candidate, aged between 28-35, will be a qualified Accountant with 3-5 years' POE. A strong communicator, he/she will relish the challenge of a commercial role within a growing international business. Prior experience of preparing business plans and budgets and the ability to work independently in the field are essential qualities.

Interested candidates should send a comprehensive CV to Charles Macdonald at Robert Half, Freeport, Walter House, 418 The Strand, London WC2R 0BR. Alternatively, telephone 071-836 3545 or fax your details on 071-836 4942.

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### FINANCIAL CONTROLLER - INSURANCE

CITY OF LONDON £32,000-£40,000

MANAGEMENT COMPANY OF SPECIALIST P&I CLUBS

We invite applications from Accountants (ACA, ACCA) aged 32-45 with at least 5 years' broad-based financial accounting experience, ideally gained in a financial services organisation, or from candidates in the profession. A knowledge of computerised accounting is desirable or will need to be acquired. The successful candidate will be responsible to the Managing Director of this small specialist company for: all financial reporting and control (assisted by a small, competent team); company secretarial functions and on-going development of the computerised data processing systems. Responsibilities will include, further developing the financial preparation and reporting systems, achieving reporting deadlines, establishing budgets, and preparing and assessing analytical data. A positive contribution to the expansion of the company's activities will be required. Personal qualities should include a commercial, well-organised and energetic attitude. Salary negotiable £32,000-£40,000, contributory pension, free life assurance, free family PPF. Applications in strict confidence under reference FC217/FT, to the Managing Director, ALPS.

ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LIMITED, 2 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ.  
TELEPHONE 071-588 3576 or 071-588 3578. TELEX: 887374. FAX: 071-588 8881.



## Standard Chartered

### International Audit Management

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With assets in excess of £20 billion and offices in more than 50 countries, Standard Chartered is a major force in international banking. The bank is acknowledged as a world leader in the provision of extensive treasury services, incorporating both traditional and derivative products.

With increasing emphasis being placed on the marketing of derivatives, there is an immediate need for an accomplished individual with specific audit experience of these complex financial products.

The key responsibilities of this high profile, developmental role will be to:

- examine and evaluate the adequacy and effectiveness of internal controls;
- apply a structured audit approach to ensure that areas of risk are prioritised;

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- ensure that the planning, execution and reporting of audits are carried out in accordance with demanding quality standards;
- lead, motivate and develop a highly professional team.

Probably aged 30-35, candidates will have a recognised accounting qualification and at least four years' experience in a complex and progressive international financial services environment. This should include exposure to the audit of a broad range of derivative products. In addition to this in-depth technical expertise, candidates must have the self-confidence, communication skills and commercial awareness to establish credibility and work successfully with senior management across the group.

Interested applicants should write, enclosing a detailed CV, to Roger Howell at the address below, quoting reference 1051.



#### MANAGEMENT SELECTION

32 OLD BURLINGTON STREET, LONDON W1X 1LB FAX: 071-287 2821. TELEPHONE: 071-287 2820.  
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It is now seeking a competent Financial Professional willing to assume responsibility to:

- OPTIMISE the Company's performance through the improved implementation of Budgetary Controls and by identifying opportunities for improving efficiency.
- DEVELOP a team based organisation which maximises the potential of all its employees.

You should be computer Numerate and be able to demonstrate a track record of implementing change. Your motivation must come from the desire to create a committed management unit within a team based culture.

You are likely to be a Chartered Accountant and are unlikely to be earning less than £20,000 per annum.

In return for your expertise the Company will reward you with an attractive remuneration package (including relocation where appropriate) and genuine long term prospects. Applications should be sent in strict confidence to:

Mr. R.C. Doegar, Sheppee Limited, 6 St. James Street, YORK YO1 3DU.

## Internal Auditor

Qualified ACA/ACCA  
(Derivatives/Options experience)

c. £30,000 p.a. + benefits

Our City based client is seeking to appoint an Internal Auditor to be responsible for establishing and implementing an Internal Audit programme in a new expanding Derivatives Company.

This is a new position which will require the following:

- Minimum 2 years post-qualification experience, with specific experience of derivatives/options.
- Practical experience of derivatives/options technology.
- Team player - with excellent interpersonal and influencing skills.

This is a unique career opportunity to join a new company which is part of a large European Financial Group.

Please write in strict confidence with your career details to: J. D. Vine (Ref. FT/27), Vine Potterton Limited, 152/153 Fleet Street, London EC4A 2DH. Please state separately if there are any organisations in which you would not be interested.

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#### MANAGEMENT ACCOUNTANT

Specialist publisher requires accountant to head up fully computerised accounts department. The manager must be able to take the company figures through to final form and be able to produce forward budgets and cash flows as well as regular management accounts. Analysis and control are part of the day to day running of the job. Success in this task should lead to an enhanced role as part of the company's management team. Good remuneration package. Please apply in own handwriting with typed C.V. to:

Managing Director, Antique Collectors' Club,  
5 Church Street, Woodbridge, Suffolk.

## FINANCIAL CONTROLLER

### Water Industry

c£35,000 Negotiable

A medium sized statutory water company, part of a major Group and based in Southern England, seeks a qualified and suitably experienced Financial Controller, who will report to the General Manager and take charge of its financial and administration functions. This opportunity arises from the impending retirement of the present incumbent.

The appointment offers the chance to join a company at a challenging time as it continues with a major programme of investment. The vacancy calls for an experienced Accountant who can also make a major contribution to the overall management of the company at a strategic level.

You will probably be aged around 35 and have a degree. You will be qualified

and your career must have included the successful management of the financial function in a medium sized company and preferably some corporate financial experience in a PLC. Previous treasury responsibilities would be an advantage.

In addition to salary, remuneration will include a performance related bonus and a company car. The package will attract first class candidates seeking a challenge and excellent career development opportunities.

Please write to Richard Varcoe (quoting ref 2042) showing how you meet the above criteria and enclosing your curriculum vitae, to Bull Thompson & Associates Ltd, Alliance House, 63 St Martin's Lane, London WC2N 4JX, tel 071-240 3561.



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Swift Transport Services is one of the leading specialist logistics companies in the UK, and a market leader in automotive parts distribution. With a turnover of £60 million, a high growth rate and a proven record of innovation, achievement and service excellence, the Company is well placed for the future.

A recent successful management buy-out has led to this key senior position being created. A member of a highly motivated Executive Board, your prime responsibility will be to direct and control the finance function, and in addition your role will include involvement in wider commercial issues; participating in the overall direction and management of the business; contributing in the preparation of major new business proposals and establishing close working relationships with the banks and institutions.

This excellent opportunity will appeal to a commercially orientated qualified accountant, who wants influence within a growing, successful business. You will need stature, and the ability to influence people at all levels. Your financial skills will need to be first class, as will your people management ability, and we will be looking for evidence of achievement at Finance Director level in a substantial company.

The benefits package reflects the seniority of the post, and includes equity participation.

In the first instance please apply in strictest confidence, by sending your CV or career details to John Brotherton, Chief Executive, at:

Swift Transport Services Limited  
Swift House, Lodge Way, New Dutton, Northampton NN5 7TU



### INVESTIGATIVE ACCOUNTANT ENFORCEMENT DIVISION

The Securities and Investments Board ("SIB") seeks to appoint a high calibre individual to its Enforcement Division. The Division uses statutory powers, often in conjunction with other regulators, both here and abroad, to detect and deal with cases of abuse, damage and risk to investors.

This is an important position for effective investor-protection. Working within a professional and multi-disciplinary but small department, you will manage a number of "difficult" cases, working on your own initiative, concentrating on investigation work, which will involve frequent travel in the UK, and consequent litigation. You will co-operate with other regulators, including the DTI, SFO, SROs, RPBs and the Bank of England.

Candidates should be qualified accountants, with the ability to work unsupervised under pressure. The work is always of a highly confidential nature and applicants should display maturity, tact and political sense. Forensic skills and experience of investigative work are essential, together with a general knowledge of the City and related issues. Knowledge of Insolvency law and its operation would be beneficial.

The position offers an attractive salary and package and is based at Gavrelle House.

Interested candidates should write to Sue Procter, Head of Personnel, SIB, Gavrelle House, 2-14 Bunhill Row, London EC1Y 8RA (Fax 071 382 5900) for further details. The closing date for completed applications is 27 March 1992.

# Fast-Track Financial Executive

c£35,000 + Car  
Thames Valley

This client is a substantial and very successful UK plc whose operations comprise a number of well focused, profitable and expanding international businesses which are strongly positioned among their sector leaders.

Financial management of these businesses, from Group level through to unit operations, is a high-profile activity demanding an understanding of the operational realities and economics of the businesses, combined with technical skills in accounting, financial analysis, and reporting/presentation.

The financial team itself is a very high-calibre group of professionals whose career aspirations and experience requirements are being met by a combination of highly challenging tasks and regular opportunities for mobility and promotion.

An opportunity has arisen for a graduate chartered accountant, skilled in computer modelling, to join the headquarters team and take responsibility for co-ordination and review of the performance, budgeting and forecasting of key sectors, together with a substantial element of project work which will include capital investment appraisal, evaluation of acquisitions and a variety of operational and financial ad hoc projects.

Applicants will be aged under 30 and should have three to four years' post-qualification experience which demonstrates fast-track progression in one of the Big 6, or equivalent development and experience in industry/commerce, coupled with the ability and drive to maintain the progress in this new environment.

Please reply in confidence quoting Ref. 509 to:

Brian H. Mason  
Mason & Nurse Associates  
1 Lancaster Place, Strand  
London WC2E 7EB  
Tel: 071-240 7805

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## Financial Controller

a growth and promotion created opportunity

This £100m turnover company is the UK subsidiary of a world leader in its field of specialised electronic components.

Due to an international promotion there is now a rare opportunity for an outstanding and talented graduate Chartered Accountant to lead this organisation's UK accounting function. In addition, you will act as the Company Secretary.

You will have at least 10 years experience gained both within a "big six" firm and a component manufacturing environment. Experience of US accounting and reporting practices is essential, as is the ability to meet strict deadlines. Your expertise will cover accounting, tax and treasury areas. You will have had exposure to pension matters and be computer literate. A good man-manager and communicator, you should possess an outgoing personality, be an accomplished team manager and motivator, and be used to dealing successfully with external professionals.

This is an excellent opportunity to join the UK Head Office of a truly multinational organisation with an enviable growth record. Reporting to the General Manager and as a member of the UK management team, you will be able to make a visible and hands-on contribution to their continued success.

The attractive salary and fully expensed executive car will be augmented by a comprehensive benefits package. Some European travel will be required.

In the first instance please apply in writing to Loraine Pemberton, at the address below, enclosing your CV and explaining concisely how you meet the above requirements.



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ALFA-LAVAL

## Audit Manager

The recent merger of two major international companies, Tetra Pak and Alfa-Laval, has created a world leader in the development, manufacture, processing and marketing of packaging and distribution systems for foods and other products. With global operations now spanning 110 countries they wish to recruit an Audit Manager.

Based at the UK headquarters in London, the appointed person will work alongside and report to the Director of Audit, taking considerable responsibility for the planning and execution of audits and special projects throughout the Group's subsidiaries worldwide. The department reports to the Group's Presidents and consequently the work has a large element of internal consultancy as well as general auditing.

It is envisaged that the successful applicant will be aged between 32-38, and in addition to having substantial internal/operational audit experience may have spent a period of time in financial control, preferably with exposure to manufacturing or a related environment.

A strong emphasis will be placed on the business acumen of the individual who will be required to liaise with all levels of senior management and should therefore possess a high level of interpersonal and communication skills. Remuneration will be commensurate with the prominence and responsibility of the position, offering real challenges in the short term and superb career opportunities for the future. Fluent German is essential.

For further details please call Fiona Bailey on 071-383 3553 during office hours or 081-892 1381 evenings or weekends. Alternatively send a copy of your curriculum vitae to her at Hunter Campbell, 1 Prince of Wales Passage, 117 Hampstead Road, London NW1 3EE. Fax: 071-383 2795.

Hunter Campbell



# Capital Markets Accountant

to £40,000 + Car + Benefits

This opportunity is for an individual enlivened by an environment akin to a high-calibre professional office – the challenge of working with highly motivated and intellectually able colleagues who operate with the minimum of bureaucracy.

The task is to manage successfully the financial accounting function and its interface with management reporting. Recognised as the lynchpin of the organisation's financial control, this position reports to the Finance Director and also carries responsibility for accounting systems and control of the tax compliance function. Success will require a strong curiosity about the business and its products, the desire to set accounting figures in their business context and a commitment to precision. There are interesting career development possibilities and precedents which are actively encouraged by the Company.

The client is a specialist financial services business that is successful, well regarded and powerfully backed. They need a big six qualified graduate accountant with a high grade degree and a minimum of three-four years' post-qualification experience outside the profession. Well developed communication skills and the ability to analyse problems from first principles are pre-requisite. Experience of accounting for hedging instruments (futures, swaps etc) though not essential, would be particularly relevant. Location – central London.

Please apply in confidence quoting Ref. LS10 to:

Brian H Mason  
Mason & Nurse Associates  
1 Lancaster Place, Strand  
London WC2E 7EB  
Tel: 071-240 7805

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You are ambitious, with a track record of success in a profit driven commercial environment. You fit easily into working as a part of a team but are ready to accept leadership and the responsibility it brings.

We currently require a Finance Manager to play a significant part in the process of focusing on bottom line performance. The role demands strategic and commercial insight through analysis, planning and forecasting. You will also gain an understanding of the profitability dynamics affecting the company and its markets.

Ideally, you will be either a qualified accountant or MBA, late twenties to early thirties, with exposure to planning and analytical reporting. Excellent communication skills are vital as you will have extensive contact with senior Management in the US and Europe.

If you enjoy a challenge and have an inquisitive, incisive nature, your talents can help you become a 'Worldwide Achiever' at American Express.

In exchange for commitment and drive, we offer outstanding international prospects plus a highly competitive salary package.

Please send your CV to:  
Natalie Seward, Human Resources,  
American Express Europe Limited,  
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Brighton BN2 2LP.  
For more information please call  
0273 526433.



## ACCOUNTANT

Loughborough & District Housing Society

Starting salary not less than £23,000 pa plus car

**HACAS**

Loughborough & District Housing Society provides homes for people in need in Loughborough, Derby and surrounding towns and villages. It is funded through grants from central and local government and commercial loans.

To date, many of the Society's financial and accounting services have been provided by external accountants. Because of the Society's growth and ambitious development plans it has decided to set up a small in-house Accounts Department. An Accountant is needed to head the new team and act as the society's principal adviser on financial matters, reporting direct to the Chief Executive.

Candidates must:

- be fully qualified ACA, ACCA, ICMA, CIPFA or ICASA with specialisation in finance;
- have a minimum of five years commercial experience, or have worked for a housing association;
- have at least two years' staff management experience;
- be familiar with financial computer uses.

The job will be based at the Society's attractive offices in central Loughborough.

For an information pack, please contact:  
HACAS Recruitment,  
United House, North Road, London N7 9DP.  
Tel: 071-609 9491. Fax: 071-704 7599.

Closing date for receipt of completed application forms:  
Friday 27 March 1992 12 noon.

The Society aims to be an equal opportunities organisation.

## SENIOR FINANCE MANAGERS/CONTROLLERS

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A major electronics group has been created following a significant restructuring and refocusing of a number of business units into a simpler market-oriented structure. Financial analysts, control and discipline and its commercial contribution to operational management will be a key element in the company's future financial success. In recognition of this, the recently appointed Group Finance Director is leading the creation of a dynamic finance team to support the business.

We are therefore seeking to recruit three qualified accountants, preferably graduates with experience of manufacturing/engineering companies applying strict and sophisticated

financial controls, particularly in the areas of Project Management and Financial Planning and Analysis.

To be successful you will be an ambitious self-starter, highly communicative, with strong persuasive skills and the ability to create and manage the implementation of change. The roles themselves will offer considerable exposure and responsibility in a complex and demanding environment, with unlimited potential for career progression.

Please submit your resume in application to: Wayne Thomas, Whale Thomas Hodgins PLC, Executive Resourcing, 9 Unity Street, College Green, Bristol BS1 5TH Ref: H104/PT



WHALE THOMAS HODGINS PLC

## European Audit

As a result of promotions within the Group, both in Britain and overseas, this major US multinational seeks its next generation of Financial Managers

The team is young, international and highly professional. Team membership averages two years with at least four auditors promoted into senior financial management positions each year.

You will report to the Regional Audit Manager in Brussels, who has direct line responsibility to the USA. During assignments chosen from a portfolio of over 100 operations, you will consolidate on your experience to date both through immediate operational exposure and through technical and foreign language training.

Requirements:

- university degree and Chartered Accountancy qualification
- minimum of three years' relevant auditing and financial experience
- other European language ability is a distinct advantage
- ready to travel 75% (return to Brussels at weekends).

This is a challenging, high profile appointment. Based in Brussels and dealing with top European and international management, you will be influencing key strategic decisions. This is auditing with teeth!

If you have the initiative and drive to succeed in this highly motivating, competitive environment, write in confidence to:

Nicholson International (recruitment consultants) at Africa House, 64/78 Kingsway, London WC2B 6AH quoting reference 9406 or telephone (071) 404 5501 for an initial discussion, or alternatively fax details on (071) 404 8128.

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071-873 3460

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071-873 3199

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071-873 3607

## Group Controller - International Building Excellence

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Our client, a leading provider of business and leisure services worldwide, is one of the "Big 3" in its sector. Annual growth of 30% over a four year period has created the need to appoint a high calibre International Group Controller.

Reporting to the Group Finance Director, responsibilities will major on liaison with country/regional controllers, financial planning, reporting, cash management and direction of the international finance team. Tax knowledge and the ability to work with professional advisers is necessary, treasury experience would be an advantage. Constant evolution dictates that candidates have experience of managing major projects arising from change.

You will be a qualified accountant, probably aged over 35, with previous exposure to an international business, a willingness to travel widely and, ideally, fluency in another language. Your strong technical ability, including familiarity with US GAAP, must be complemented by proven leadership skills, receptiveness to cultural change and an energetic, pragmatic approach to business. An empathy with the Company's entrepreneurial, but professional, people led and service orientated philosophy is absolutely essential.

Our client may have sight of applications; please indicate any companies by which you would not wish to be considered, and enclose full career and remuneration details, home and day telephone numbers to James Forte at the address below, quoting ref. 2291.

**KPMG Selection & Search**  
2-3 Dorset Rise, Blackfriars, London EC4Y 8AE

## CHARTERED ACCOUNTANT

International shipping company seeks to appoint a qualified chartered accountant for its London office. The ideal candidate should be around 30-35 years of age with a minimum of three years post-qualification experience, preferably in ship management, and should be conversant with computerised accounting systems. A second European language would be an advantage.

Application with full curriculum vitae to:

Box A446,  
Financial Times,  
Number One, Southwark Bridge,  
London SE1 9HL

## Finance Director

£45k + Car + Equity Participation  
Dartford, Kent

INTERNATIONAL MUREX TECHNOLOGIES CORPORATION of Canada has recently acquired the business of WELLCOME DIAGNOSTICS, a well-known medical diagnostics research, development, manufacturing and marketing company. This Dartford-based business with 650 employees worldwide and turnover of \$41m, has a leading market position in medical diagnostics, with plans for dynamic growth and development through internal expansion and acquisitions.

This Board appointment involves full responsibility for the establishment and management of an autonomous Finance Department. Key tasks will include the on-going development and implementation of effective financial planning, control, treasury, costing and financial information systems along with the co-ordination of the financial affairs of overseas subsidiaries and branch offices. The successful candidate will also fulfil the role of UK Company Secretary.

Candidates should have substantial management experience. A graduate chartered or management accountant is required, aged 35-45, with experience at subsidiary or divisional director level in international manufacturing operations. The management style is open and dynamic, where prospects are excellent, and rewards include a comprehensive range of executive benefits including bonus and equity participation potentials.

This position will appeal to those comfortable in a challenging, fast moving and progressive group.

Please forward, in absolute confidence, a full curriculum vitae to: the Chief Executive, INTERNATIONAL MUREX TECHNOLOGIES CORPORATION, Wellcome Diagnostics, Temple Hill, Dartford, Kent DA1 5AH. Fax (0322) 294749.

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THE HUMAN FACTOR

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

## MAKING THE SELECTION INTERVIEW MORE EFFECTIVE

A Practical Guide for Finance Managers

on Thursday 9th April 1992  
At The Meridian Hotel, 21 Piccadilly, London W1  
8.30am - 9.30am

The Financial Times Breakfast Briefing is designed specifically for finance managers who may interview once or twice a year. The talk will be given by Jeff Grant, Joint UK Managing Director of Robert Half who will examine where and why interviews go wrong and demonstrate how to increase the effectiveness of the interview through a more structured approach. The briefing will cover:

- Preparing for the interview
- The interview plan
- Creating a proper environment
- Questioning techniques
- Promoting the job
- Concluding on the right note

A specialist in accounting recruitment for more than 10 years Jeff Grant is a frequent contributor to various newspapers and journals on the subjects of job hunting and recruitment. A regular speaker, he has been a guest on numerous radio programmes and appeared on Sky Television.

He has advised many companies on how to improve their recruitment process and has presented in-house recruitment seminars and interview workshops for companies such as Marks and Spencer, Vickers, Guinness, IBC, Shandwick and Banque Paribas.

Jonathan Freestone, Group Management Accountant, MAI plc 'Good insight into the correct approach to interviewing'

Charles O'Conor, Group Chief Accountant, Guinness plc 'Both constructive and valuable'

Brendan Collins, Assistant Group Controller, Shandwick plc 'An excellent presentation'

Graham Coulson, Personnel Manager, IBC plc 'A valuable and enjoyable presentation on selection interviewing'

Bob Lake, Finance Director, Barnstable Advertising 'Much valuable information in a short space of time all of which was relevant'

Places at the Breakfast are strictly limited